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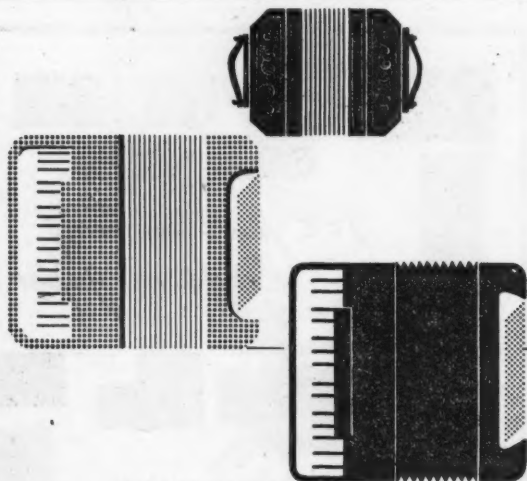
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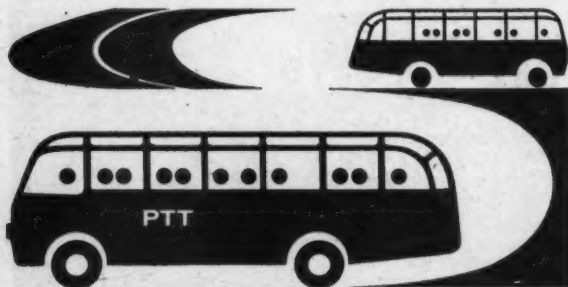
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*The Editor does not hold himself responsible for opinions  
expressed in signed articles.*

Front cover picture: Rural scene in Java

(Photo by H. C. Taussig)

# EASTERN WORLD

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## Political Fall-Out

WHEN the British Prime Minister told the House of Commons on the morrow of Britain's first hydrogen-bomb explosion near Christmas Island that the local fall-out was "almost negligible," he referred, of course, to radio-active fall-out. He would be the first to agree, however, that the political fall-out is considerably greater—as indeed the Government intended from this emergence of Britain as the third H-bomb power. But the shape taken by the political effects is very different from that intended.

Britain's high scientific and industrial achievement has been pushed into second place. To a profoundly anxious world, Britain's test explosion appears also as the test of her moral, biological, political and military responsibilities. No longer is debate confined only to specialists and experts: whole nations are involved in it. For those especially who desire harmonious relations between Britain and the Asian countries, it is a difficult and delicate situation.

Asians cannot be expected ever to forget that, like the American H-bombs, the British H-bomb, too, was exploded in the eastern hemisphere, not far from Japan, already the victim of the two atom bombs of the last war, as well as of the fall-out from the American test at Bikini. If it is true that there was only an "insignificant" local fall-out from the "clean" British bomb, then it is hard to see why Britain should not carry on its remaining tests somewhere over its North Sea coast. This would at any rate place Britain on the same moral level as the Soviet Union, which explodes its bombs over its own territory.

Asian protests are not, however, based on racial or anti-western sentiments, but on a straightforward fear of biological danger from strontium-90 to animal and plant life, if not the threat of total extinction of all life in a nuclear war. They are here on common ground with both the scientists and the ordinary men and women of the West, including the United States.

It is some twelve years since the world's first atom bomb was tested by the Americans. Since then the United States, the Soviet Union and Britain have between them caused about 110 atomic and hydrogen bomb explosions. Their justification, as in all previous arms races, has been

military and political expediency. Britain's decision to make and test the thermonuclear weapon is the continuation of this practice. The great powers are in bondage to the conceptions of a bygone era. They continue to develop weapons of unimaginable destructiveness even though they know that today's world problems, in an entirely new set of military and political conditions, can no longer be met with force.

The mounting opposition to its tests has nettled Whitehall, as is shown by Macmillan's frequent explanations that once the tests have been carried out, it will be possible to negotiate for their suspension on an equal level with America and the Soviet Union. Without the tests, so runs the argument, Britain would have remained a second-rate power, carrying less weight in international affairs. Yet so little convinced is the public by these arguments that even in Britain, the responsible newspapers did not think the report of the May 15 explosion worthy of first place in their news columns.

Ever since the announcement last year by Sir Anthony Eden of Britain's intention to test thermonuclear weapons, the world has accepted the fact of Britain's mastery of the "know-how." There was no need of the test to confirm what no one questions. Where Britain has failed is in convincing the world that the H-bomb has *ipso facto* restored it to first-rank power. Britain can no more challenge either America or Russia now than it could at the time of the attack on Suez. Britain cannot even maintain a trading policy with China independent of American approval.

Politically the H-bomb may, in fact, prove a heavy handicap in Britain's relations with other nations. France and West Germany will less than ever acquiesce in an inferior status to Britain's, while the Asian and African countries will be more distrustful and afraid. At a press conference in London, the French representative to the Disarmament Conference, Jules Moch, gave a clear warning that unless steps are quickly taken to stop, first the tests, and then the manufacture of these weapons, his country, too, will insist on having its own bombs. The protests of Japan, India and Ceylon came at Government level, and must be regarded as serious political moves. All the indications are now of a growing number of States opposed to nuclear weapons, both in

the United Nations and in regional association.

In any catalogue of political difficulty in Britain, disaffection with the Government must have high place. Opposition to the nuclear bomb cuts across all divisions of party and class, and would undermine national unity in any preparation for nuclear war. Civil defence has already become a bad joke. America itself, chief originator and protagonist of nuclear weapons, provides an object-lesson for British strategists. A Gallup Poll taken after the British H-bomb test showed for the first time that a 63 percent majority of Americans are now opposed to these tests. Prominent scientists and public men are calling for a halt to "this insane, unending race."

This opposition is not only a real obstacle to military preparedness, but also represents the large-scale failure of years of propaganda. One of the aims of the cold war was certainly to create in the public a fatalistic acceptance of the inevitability of a clash between the West and "international Communism." Today the high-pitched propaganda of nuclear deterrence is stood on its head. Who is deterring whom?

The propaganda of the Soviet Union has come much closer to the desire of the uncommitted world. That is the simple explanation of its success, so incomprehensible to western Governments. For years the Russians have held the initiative in "waging peace," by peace appeals, proposals for disarmament and the cessation of nuclear tests. Yet until they stop their own tests they cannot get their *bona fides* universally accepted.

Britain's discomfiture is great. However boldly the Government appears to be carrying out the tests, it is on the defensive all along the line. Almost all responsible opinion in the country—press, politicians, scientists, churchmen, trade unions—favour an end to the nuclear tests, an international agreement for disarmament, and an end to the manufacture of mass-extinction weapons. The Government professes not to be averse to such a policy, but remains under American influence, a prisoner of NATO strategy.

Because of Britain's commitments to NATO, even Con-

servative opinion fails to take seriously the British proposal of "breaking new ground," submitted to the current session of the United Nations Disarmament Sub-committee. These are the proposals suggesting prior registration of the test, examination of their possible limitation, and ultimately cessation of manufacture. The nature of these proposals, with their inspection, checks and counter-checks every step of the way, shows that governments are in no great hurry for international agreement, but feel they ought to make a national like wanting it. The British Government's new strategy of deterrence—not defence—is now wholly dependent on the bomb, which is the best it has to offer for national security. This means in reality that Britain has neither security nor defence through military means.

So long as attention is confined to purely national interests, it is hard to see how Britain's predicament can be solved. The search for a solution must embrace the world. Britain can draw on advantages it is alone in the world to enjoy, for example the goodwill of many different nations, in spite of the frequent re-assertions of undying Anglo-American unity by successive British Governments, the rest of the world believes that sooner or later Britain's national interests will compel the country to act as an independent power. Such a transformation would strengthen the friendship of the countries of western Europe, South-East Asia, the Commonwealth, and even the Middle East.

In this nuclear age many old conceptions have gone to the board, among them the "balance of power," which Winston Churchill once described — approvingly — as "balance of terror." "Balance" hardly seems the right word — "stalemate" would be more accurate. In this stalemate Britain's H-bomb has made no change. All it has done is disjoint its own defence and politics. A lesser military potential might well turn Britain's obviously weak position into one of great advantage and promise. If, having possessed the bomb, Britain were to renounce it, an immeasurable greater political advantage might follow.

## COMMONWEALTH BONDS

IT is curious that while people will readily say that the Commonwealth is a "good thing," not many can give more than a couple of obvious reasons why. The idea of a multi-racial group of nations bound together by a common bond, rather than by an alliance, is unassailable. It holds the advantage of easy consultation and an integrated financial arrangement. This is the Commonwealth. But is that as far as it goes? Is it effective as a force in international affairs, and if not could it become so?

Each member nation of the Commonwealth is sovereign, and the defence, foreign and financial policies, and the internal affairs of one member are not open to discussion by the others. Consultation between the countries without the difficulties that arise as between "foreign" countries has its obvious advantages, but so far it seems to have done little

to bring about coordination of ideas on either the wider or narrow world issues. Should this be considered a failure and a weakness? There is, of course, every reason why coordination is difficult or impossible to achieve. The political reasoning of each Commonwealth Government is different, and the diverse national policies this gives rise to do not make for a complete identity of interest. What then, it may be asked, is the value in easy consultation if it is only for consultation's sake?

It is difficult to judge the degree of influence one Commonwealth country has upon another's policies. In matters of lesser degree, as for instance in the case of financial and trade arrangements between members, the free and easy atmosphere of consultation has resulted in quick and amicable decisions. On the bigger world issues each member country

rightly jealous of its independent standing in matters of policy. It is true to say, however, that free consultation and the exchange of ideas are themselves influential. This is one of the values.

Those who envisage the Commonwealth acting as a powerful "third force" on the international scene might think that an association of sovereign and equal nations has many limitations. It could be argued, and indeed is argued, that in not having a foreign policy common to all members, the Commonwealth cannot speak with a powerful voice in world affairs. This is not an exact argument, because the source of Commonwealth strength is the diversity of ideas within it. There is something indefinable and intangible attached to membership, which places each country in a special position in the eyes of the rest of the world. This is also of great value. While counting the advantages of the concept of Commonwealth, there must be some recognition of its limitations. Much more, it would seem, could be done to strengthen the association—if not as a world force, at least within its own structure.

Recent events have pointed rather sharply to differences between Commonwealth members that no amount of praise of the advantages can mitigate. Having said that it is right that every country should have its own policies, does not mean that it is any the less desirable that the interests of other Commonwealth countries should be an important consideration in policy decisions taken in each individual Commonwealth capital. While giving full recognition to the differences in approach, something needs to be done to strengthen the bonds. In a free association there is a constant danger of crises that can weaken the ties.

The Suez affair was a case in point. The disagreement of India, Canada, Ceylon, and Pakistan with Britain's conduct had no great effect on the subsequent action or withdrawal. There is no doubt that the Cabinet in London were sensitive to the opposition within the Commonwealth (but no

more than of the opposition in this country itself), but it cannot be said that it was pressure from the dissentient member countries of the Commonwealth that decided Britain to retreat from a bad situation. That it played a part is very likely, but a reading of the situation suggests that the reactions of the United States, the Soviet Union, and to some extent the United Nations, were the deciding factors. There was no climate of amity within the Commonwealth on the Suez issue in which consultation and discussion could be effective.

The Suez adventure is perhaps the prime example of a Commonwealth country carrying its independent policies through without heed to the opinions of the other members, and without prior consultation. The suspicion this aroused in the Commonwealth has had its repercussions. The stand Britain took in the United Nations in January over Kashmir incensed people in India because it appeared that the British Government was hitting back at Delhi for Indian condemnation of the Suez operation. United Kingdom policy began to look as if it was aimed at the very foundations of Commonwealth unity. Indian loyalty to the Commonwealth concept has been severely tested, and her firm decision not to secede is to be welcomed. But much has yet to be done in allaying Indian fears that the British Government is, as a deliberate policy, industriously working against Delhi.

The Commonwealth ought to be something more than a successful example of political and economic co-existence. Such an association is not needed to prove that co-existence is workable. When the Commonwealth Prime Ministers meet later this month they will have much to review. Suez and its aftermath will doubtless occupy the major part of their time. It is to be hoped that they profit from the main lesson of that affair—that if the Commonwealth is going to continue to mean anything at all on the political level of world exchanges, the method of consultation must be made more effective, and the bonds between members thoroughly examined and strengthened.

## Comment

### Overture to Formosa

WHEN our Diplomatic Correspondent wrote in the September 1955 issue of this magazine that the Government in Peking would soon begin to make behind-the-scenes contact with Nationalist leaders in Taiwan (Formosa) with the long-term object of incorporating the island into the People's Republic, probably as an autonomous region, the view seemed rather far fetched and remote. The inflammatory situation between China and the United States in the Formosa Strait had barely subsided at that time. Now, eighteen months later, there is every reason to believe that some contact along these lines has in fact been taking place.

Leaders in Peking have been talking with a measure of confidence about the chances of cooperating for a third time with the Kuomintang. It is an interesting historical fact that

the Chinese Communists did not give up the idea of a coalition with the Kuomintang even as late as 1949, when Chiang Kai-shek fled to Formosa. Even after that the idea of cooperation was not finally abandoned until it became quite clear that American pressure and influence was being brought to bear on the hierarchy of the KMT.

Rumours have been strong that secret negotiations have gone on between Chiang Kai-shek's son Chiang Chin-kuo and the Peking authorities. This cannot be confirmed, although the younger Chiang's background of Moscow training would seem to make him the obvious choice of a go-between by the rumour mongers.

No reliable information is available on the state of the relationship between father and son, but it is thought that the chances of all-out cooperation between Peking and Taiwan are slim while Chiang Kai-shek continues at the head

of the Kuomintang. The absence of any sign of a palace revolution in the Nationalist regime would seem to indicate that Peking's overtures are falling on unresponsive ears. And yet the Chinese Communist authorities sound very confident.

The fact is that more people than the Taiwan authorities would like to admit have been impressed with the achievements on the mainland in the past five years. A Chinese is a Chinese first and a political devotee next. This is just as true in Taiwan as on the mainland, and many in Formosa are not happy because the Nationalist regime is not "Chinese" enough. It operates too closely with alien interests to satisfy the nationalism that smoulders in many KMT hearts. It is the fact of "Chinese achievement" in China proper that appeals to not a few in Formosa.

Anyone who considers the situation can see that the Formosa regime has no future. Reconquering the mainland is now the chimera of a few. It has become an embarrassment to the United States. The climate of thinking in Taiwan now is such as to give Peking confidence. It is premature to expect any result in the near future. Chou En-lai once said that the Chinese have time on their side, a hundred years if necessary. And when he said time and time again that Formosa would be "liberated peacefully", this is what he meant.

## India in 1857

**T**HE centenary celebrations last month of the outbreak of India's First "War of Independence", the so-called Indian Mutiny of 1857-59, passed off with a minimum of offence to Britain. It is only fair to say that British reporters in India also handsomely acknowledge the mood of tolerance and grace shown by the Indian Government and people. The only exception were the Lohia Socialists in Uttar Pradesh.

The historians of both India and Britain have come off less well. They showed in their special articles for the occasion a tendency to reduce to something less than a political revolt what to Indians is known as the War of Independence. With the exception of the Communists and Mr. Nehru himself, the Indian historians and responsible leaders seem to be taking their cue from British "debunkers" of the War. What is the reason for this Indian modesty?

History, like politics and geography, looks different according to the point from which it is looked at. Those who consider the War from metropolitan Britain quite understandably see it in reduced proportions and significance. Those looking at it from India would see it, in accordance with the laws of optics, in much greater size than the reality. But what has happened in India?

A volume of official history, *1857: A History of Struggle*, by Dr. S. N. Sen, with a foreword by Maulana Abul Kalam Azad, Minister of Education, published by the Government of India, records that there is "no evidence" to show that there was a "conspiracy to overthrow the rule of the Company". Few British historians are equally positive.

History looks different also according to the viewers' place in society. All employers think of strikes as improper and disorderly, while to the workers they are an inalienable right. When Vinayak Savarkar wrote his book, *The Indian War of Independence*, he saw the struggle as a revolutionary

nationalist. He wrote the book many years after the event but there was another man, Karl Marx, who wrote in 1853 from London, yet recognised it as a war of independence because he looked from the vantage point of a social revolutionary. Nor has Mr. Nehru any doubts about the character of this "mutiny" as a war of independence. The "dispassionate objectivity" of the historian needs to be formed with sympathetic perceptiveness.

The extent of the areas involved, the number of people engaged, the personalities in leadership, the strategic planning behind the major moves, — all show that this was a national armed revolt for political independence. Moreover, at a time when wars in Europe were still being waged according to the book, the 1857-59 struggles in India bear all hallmarks of the implacable wars of a larger age, when struggle was one of annihilation between two antagonistic societies. In India the materially more advanced one won the day.

## The Free World of Mr. Diem

**P**RESIDENT Ngo Dinh Diem, of South Viet Nam, must have enjoyed his recent pilgrimage to Washington. He doubtless came away with a glowing sense of pride in being called a great statesman of the "free world" by no less a person than President Eisenhower. In the American view he could scarcely be anything else, for it was the State Department that was largely responsible for getting him into office, and for maintaining him there.

In recent months the American authorities in Saigon have let Mr. Diem have more say in the administration of the country, and reports have it that the US adviser who a long time after the 1954 Geneva conference watched over the South Viet Nam President from an adjoining office felt that he could to some extent relax his vigil. This had its repercussions in the decree of the South Viet Nam Government that imposed citizenship on all Chinese born in the country, without option. The dispute that this subsequently caused between Saigon and Formosa has upset the Americans, who wish to avoid any signs of friction between their protégés in Asia. But on the whole the Americans are satisfied that Mr. Diem is their good friend.

The one thing Ngo Dinh Diem seems not to have been officially called during his visit to the United States was a democrat, or a pillar of democracy. The Americans cannot, in all honesty, say that. To lead a US-backed and subsidised regime in a highly nationalist-conscious country like Viet Nam necessarily requires characteristics where which tears are shed over the absence of democratic practices. Tears are shed elsewhere — among those sincere Asian nationalists (not always themselves democratic in the western sense) who see South Viet Nam being built up as an outpost of American free enterprise in Asia, all done in the name and name of democracy. American praise of people like Mr. Diem has no other effect on Asia as a whole than to bring the term "free world" into even greater ridicule. Viet Nam's neighbours know exactly how "free" Viet Nam is. It is indeed, so free and democratic that its citizens will have the opportunity of reading this comment, for the sale of *EASTERN WORLD* was banned in South Viet Nam several weeks ago.

## A Happy Mission

AN unusual mission from one of the British colonies visited London in May. It had not come to negotiate, complain, protest or demand. Its purpose was to thank the British Government for the able and enlightened leadership which has been given to Hong Kong's administration for the past ten years by its Governor, Sir Alexander Grantham. The delegation consisted of three prominent Hong Kong citizens: Mr. Daniel N. F. Chen, housing expert and one of the promoters of the colony's progressive housing schemes; Mr. C. E. Gan, pharmaceutical manufacturer of the famous panacea "White Flower" embrocation; and Dr. Francis K. Pan, lecturer at Chung Chi College. They represented 700 local organisations and 1,500,000 residents of Hong Kong, more than half its population and all different shades of public opinion including the General Chamber of Commerce which incorporates elements friendly to mainland China.

Sir Alexander Grantham, who is only 57, clearly has won the friendship and admiration of the citizens of Hong Kong who are now disturbed at the thought that he may leave the colony at the expiration of his current term of office. In fact, this mission throws light on the particular position of Hong Kong. Even if this magazine's policy is one of uncompromising anti-colonialism, we nevertheless appreciate the historical implications and the entire change of conception which characterise modern colonial administration in some cases.

Hong Kong is one of these cases. A metropolis with a population approaching the three million mark, it had to tackle most formidable difficulties from the purely civic side, while the complicated political situation which a powerful Chinese mainland and a recalcitrant Kuomintang influence together with a host of embargo-enforcing US consuls cannot help to create, demands the finest delicacy and tact to steer the colony through emotional and realistic typhoons alike. It is precisely for this reason that Sir Alexander has gained the profound respect of his citizens as well as of all who have met him. His administration has worked exceedingly well and the people feel secure and appreciate the advantages offered by an orderly, able administration. They also are grateful for the genuine efforts made to cope with the housing and other problems posed by the rapid growth of population. Particularly praised are Sir Alexander's ability of maintaining a happy relationship between different wings of opinion, and with mainland China. Though the Kowloon riots last October caused much heartburn, and though they revealed some individual cases of mismanagement, Hong Kong's administration certainly did all not only to quell them, but to make quite certain that no similar disturbance would occur again. It is, therefore, not surprising, that Hong Kong's citizens have taken the trouble of despatching three of their distinguished citizens to petition for an extension of Sir Alexander's term.

The colony has had her anxious moments and may have some more. It takes a really experienced man to maintain that balance which the conditions of that important Far Eastern centre require. So, as Dr. Pan said: "Let us keep Alexander".

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# INDO-CHINESE "COOL WAR"

By Werner Levi

**T**HE Pancha Shila officially governs the relations between India and China. These Five Principles for Peaceful Coexistence are celebrated by the two nations as a major contribution to world peace. In fact, they are merely reformulations of the old international rule that nations must respect national sovereignty and peace. The great ado in Sino-Indian relations about the quite routine Pancha Shila helps in disguising what is actually a small scale Cold War between the two countries. The need for the disguise arises because each has, for different reasons, much to gain as yet by mutual political support on the international scene.

China does not want to undermine the "peace" campaign she is conducting in pursuit of her aims. She finds it useful to maintain the widespread belief that there is more far-reaching solidarity among Asians on international goals than prevails in fact. India has no desire to provoke a big and powerful neighbour. She also must consider the enormous attraction China—the ancient and the new—has among innumerable Asians. Her policy of non-commitment with all its advantages would become senseless were she to admit an international danger existing in Asia; while China would lose the aid and comfort such a policy can occasionally give her. Both need time to strengthen their internal situations; both are eager further to diminish Western influence in Asia; both wish to impress their fearful small neighbours with their peacefulness.

A fundamental cause of their Cold War and motivation behind these policies is rivalry for the leadership in Asia which nationalists in both countries have coveted for decades. The opportunity to realise their ambition came when the second World War reduced Western control and eliminated Japanese superiority in Asia. Chiang Kai-shek and his friends were quick to express their only thinly veiled desire to restore China to the position of Middle Kingdom. The Communists have unashamedly set as their fixed goal the "liberation" of Asia under their guidance. The Indian's bid for leadership was usually made more discreetly and coyly, but sometimes it was open. "The post-war demoralization of Japan," said the Secretary General of the Congress in 1947, "and the preoccupation of China with her internal troubles have given India a unique chance to assert this leadership." This aim may not be frequently expressed with such frankness in the conduct of India's foreign policy, but it is clearly implied, as it is in China's.

The resulting incompatibilities in Indian and Chinese foreign policy were noticeable—behind the scenes—at the great Asian conferences in Delhi in 1947, in 1949, and even to some extent at Bandung in 1955. But since the usefulness of parallel, if not common action on the international scene between India and China and friendly relations between them is not yet over, they have to underplay those factors in the pursuit of their interests which tend to clash. There is, how-

ever, evidence, on the Chinese more than on the Indian side, that both are preparing for a contest which some Indians consider inevitable. They are expanding their political influence; they are trying to attract the smaller Asian nations; they are increasing their military readiness. In short, they are manoeuvring for favourable positions at least at the expense of each other, if not against each other.

China's striking advance in that direction was the invasion and "liberation" of Tibet in 1950. This almost insurmountable barrier between India and China had given Indians for centuries an unshakable sense of security. Maintaining Tibet as a buffer had been understood in India to be an unwritten agreement with the Chinese. The take-over by the Communists was thus a shock to Indians. For the Communists devoted their greatest effort to turning Tibet into a military base. Airfields have been constructed around Lhasa and near the southern border; roads have been built leading to it; frontier posts are numerous and heavily manned; border traffic has been restricted. These measures were necessary to perpetuate unwanted Chinese rule over the Tibetans. But the magnitude of the enterprise was out of proportion to any resistance the Tibetans could conceivably put up. The only possible conclusion is that the Chinese are looking toward India.

The Indian government understood the threat from the first moment. It complained bitterly to Peking over the invasion of Tibet and suggested peaceful negotiations with the Tibetans. The reply came quickly. New Delhi was told officially that it was affected by foreign influence "hostile to China in Tibet," and unofficially that it was a running dog of the imperialists and a lackey of Wall Street. Such an imputation to neutralist India was rejected as endangering the friendly relations between the two countries, but Prime Minister Nehru himself smoothed matters over by the far-fetched explanation that China's inimical action was provoked by fear of the United States. India would try to allay it. Peking, meanwhile, she did not gamble with the outcome of her soothing efforts and began to fortify her side of the border with China.

There are no difficulties along those stretches of the border the two countries have in common. India is sovereign and China cannot properly interfere. But she tries anyway. In the northeast, in Assam, some Chinese maps show territories as Chinese which India claims as her own and treats accordingly. When a high British official, Sir Arthur Hickey MacMahon, drew the line between India and Tibet in 1914, he left parts unclear. However, it is clear enough for Jawahar Nehru to assert that he would not allow anybody to cross the line, "map or no map." But the troublesome tribes of that region are no respecters of invisible lines. They move freely back and forth between India and China, attracted more to Tibet than India and encouraged in this by the Communists. The Indian government is counteracting this practice by military action as well as considerable solicitude for the welfare of the long neglected tribes, hoping, without doubt, thereby to diminish the force of appeals from China.

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strong side of the border. The spirit of the Pancha Shila does not fully prevail in Assam.

At the other, the northwest end of the border, India is keeping troops to guard against Pakistan. They are useful, at the same time, as Mr. Nehru pointed out back in 1947, guarding India's security against the Soviet Union and China as well. Since then, the arrival of the Communists in power in Peking and Communist pressure upon Afghanistan have made these precautions ever more reasonable.

This leaves mostly those stretches of the border where India and China are separated by the Indian protectorate of Sikkim, autonomous Bhutan, and sovereign Nepal. The first to present no problem. India reigns supreme and does as she pleases. Nepal requires tactful handling because she is an independent kingdom. Unfortunately for her sovereignty and for India's application of the Pancha Shila, the Indian government considers quite rightly that "where the question of India's security is concerned, we consider the Himalayan mountains as our border." They happen to run along the northern side of Nepal. Lest anyone think that India would not like the idea of the Pancha Shila interfere with her security, Mr. Nehru amplified that "we are not going to tolerate any person coming over that barrier. Therefore much as we appreciate the independence of Nepal, we cannot risk our own security by anything not done in Nepal which permits that barrier to be crossed or otherwise leads to the weakening of our frontiers." This meant, as subsequent Indian policy made evident, that India would take a hand in the foreign as well as internal affairs of Nepal.

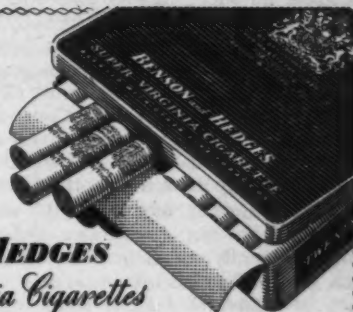
The two countries are cooperating closely in the development of the Kingdom's strategic potential. Border posts on the high passes into Tibet have been equipped with Indian material and are heavily manned; border traffic is closely scrutinised; an Indian military mission has modernised and trained the Nepalese army; strategic roads have been built from India into Nepal; airports are being constructed and improved; and Indian police are cooperating in the control of bandits, often Communists, operating in the inaccessible border areas between Nepal and Tibet. In general, India is keeping Nepal under her influence and surveillance. Nepalese nationalists do not always appreciate this Indian attention, but it makes Indians feel safer. The latter are more impressed by Chinese maps showing parts of Nepal, Tibet, China and by reminders from Peking that Nepal, Bhutan, and Sikkim were once part of the Chinese Empire than they are by occasional protests from Nepalese nationalists or Communists.

This Indian containment policy has not been altogether successful. It has been by-passed to some extent by very different Chinese policy. Even while Peking assured Nepal and India that it would respect India's desire to keep Nepal in her sphere of influence and would not do anything "behind India's back," the Communists worked hard at getting direct influence in Nepal. They agreed to the Indian request that the Chinese ambassador to Nepal be the same one as to Tibet and reside in New Delhi. But by a Treaty of Commerce of 1956 with Nepal, the Nepalese are allowed to maintain four trade agents in Tibet, which does the Indians little political good; while the Chinese are also allowed to appoint four trade agents in Nepal and a Consul General in Kathmandu, all with quasi diplomatic immunities, which does the Chinese a lot of political good. At the same time, Chinese propaganda in Nepal has been turned on full force,

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with the exchange of visits from prime ministers down to ordinary housewives. The Indians have been unable to prevent direct Sino-Nepalese contacts. The Communist penetration of Nepal has begun. A good many Indians are seriously worried, for only a few hilly jungles separate Nepal from the great Indian plains in the north.

This Chinese progress along India's borders has been supplemented by great advances in Indo-China; by successful pressure upon Burma and Afghanistan; by infiltration into Malaya; and by growing Communist influence in the Middle East. The Indian leaders can hardly enjoy these developments in areas which some of them, at least, consider to be within their country's "safety belt," respectively "area of peace."

Whether the Chinese have been as successful on the political and propaganda front is more difficult to determine. Imponderables are involved here which cannot easily be measured. The cultural pull of China in Asia has always been strong, stronger than India's. The Communists are playing it for all its worth. Even though Chou En-lai complained early in 1957 that he wants everybody to visit China "but nobody comes," there have been about one hundred thousand visitors annually during the last few years on "cultural missions." Peking impresses them with the restoration of that cultural grandeur which has been the object of awe and respect to Asians for centuries.

Visitors with more mundane interests are shown the industrial advances made under the Communist regime. Since industrialization is today in Asia a matter of prestige, and progress is measured by the number of plants constructed and machines turned out, foreign visitors to China are greatly impressed.

Indian development under the first five year plan has been comparable to or better than Chinese. Chou En-lai during his visits in 1956 and 1957 to India admitted this quite openly. But the Indians have emphasised the less dramatic economic activity for the immediate and gradual rise of standards of living rather than the accumulation of national power. Their economic planning is therefore probably sounder in the long run than the Chinese. But in Asia today the long run counts for little. And the Communists, abetted by foolish Western propaganda, have endowed their activities with a glamour and an excitement which attracts far more attention than the more solid and certainly the more social and humane Indian achievements.

The danger is, of course, that the more dramatised

Chinese advances will be ascribed by the Asian masses to the Communist system and thereby create political capital for China. For it must be remembered that to most Asians Communism is far less an ideology than a way of life, or even more specifically a timetable for action. The Communists know this and exploit it. Communism in Asia is closely identified with the grievances and the aspirations of the Asian masses. It claims to provide specific remedies for specific ills; to have the exact means and methods to reach the desired goals; to give the full answer to the social problems of the day. In an area like Asia where the masses are impatiently searching for a quick way to improve their lot, the intellectuals are economically frustrated and spiritually bewildered, a doctrine which offers to do all that has a

tremendous appeal. In such an environment, democracy is inherently unable to make such outrageous claims, and putting much more responsibility on the individual for his salvation, has a tough uphill struggle. So far, the survival of democracy in South and South-East Asia is presumably more to past Western controls and influence than to spontaneous love for it among the masses. If it is to survive it must prove its value by satisfying the aspirations and grievances of the Asian peoples. It is largely in these terms that many Asians are watching the rivalry between Indians and the Chinese. If it is allowed to proceed peacefully, leadership in Asia will most likely go to that nation whose experiment has been judged by Asians to be the most successful.

## GOVERNMENT IN CEYLON

*By Edgar Fernando (Jaella, Ceylon)*

THE victory of the Maha Jana Eksath Peramuna (MEP) (People's United Front) in the General Elections of April 1956 marks the beginning of a new era in the history of Ceylon. A political contrivance devised by the Prime Minister, Mr. S. W. R. D. Bandaranaike a few weeks before the General elections, the Maha Jana Eksath Peramuna (MEP) is a heterogeneous complex of political parties bringing within its fold the Sri Lanka Freedom Party and other progressive political parties in the country. Formed with a view to establishing, in the sphere of domestic affairs, a Socialist Democracy in Ceylon, the policy of the new government in foreign affairs is to steer ahead of both power blocs American and Soviet, thus adopting a policy of non-alignment in foreign affairs.

The changes that are taking place in the country today are of the greatest significance for the future. Internally they will lead to the establishing of a Socialist Republic in Ceylon, the improvement of the standard of living, a greater measure of equality among the people, and the gradual creation of a classless society. Externally, the changes envisaged by the new Government will profoundly affect the balance of power in South-East Asia, and it will lead to the strengthening of the policy of "Dynamic Neutrality" associated with the new Asian nations.

To appreciate fully the significance of these changes, reference has to be made to the island's history which, up to about the end of the 15th century, followed one continuous pattern of development. Ceylon's foreign relations were confined to India and the oriental countries, but internal strife and the constant change of capitals made the country, at the beginning of the 16th century, an easy prey to the Portuguese invaders, the first Westerners to come to Ceylon (1505).

The Portuguese arrived in Ceylon by accident, but they stayed behind for trade and religious conquests. They were followed by the Dutch (1656) who were, in turn replaced by the British (1796). It was the latter regime that contributed most towards the transformation of Ceylon from a feudal to a modern state. The British introduced to Ceylon the democratic system of Government, British ideas of justice and fair play and trained the country in the art of self-government. Finally, in 1948, they abdicated power and

"Independent status within the Commonwealth" was granted to Ceylon.

It is in such historical perspective that the attempts made by the present government to solve the problems facing the country have to be viewed and analysed.

The Maha Jana Eksath Peramuna had a clear election programme: The introduction of Sinhalese as the official language of the country, the reduction of the price of essential commodities, the opening up of new avenues of employment, a "new deal" for the working classes, the establishment of a Republican form of Government, and a policy of neutrality in foreign affairs.

The Government has made every endeavour to fulfil these election promises. During the short period of its existence the new Government has, in the sphere of domestic affairs, solved satisfactorily some of the problems that face the country. In international affairs, Ceylon, under the guidance of the Prime Minister, who is also the Minister of External Affairs, has secured for herself an honourable place among the nations of the world.

Recently, the Sinhala Only Bill was passed in Parliament making the Sinhalese language alone the official language of the country, and thus fulfilling one of the major election pledges of the new government.

It has been described as a piece of retrograde legislation which affects prejudicially the minority communities in Ceylon, especially the Tamils. It has even been asserted that this Bill which seeks to enthrone the Sinhalese language as the *only* language of the State, is in direct conflict with the provisions of Section 29 of the Constitution of Ceylon which safeguards the fundamental rights of the communities that go to make up the mosaic of the "Ceylonese nation". During the debate on this Bill there were incidents in the country and communal feelings ran high. The fact remains, however, that the Bill is designed to foster the unity of the country, and that it does not in any way seek to work injustice on the minority communities.

The new government also reduced the price of the essential commodities, rice and sugar, just a few days after it was returned to power. This measure has been generally welcomed, although some sections of the community

disappointed, because it did not bring about any appreciable reduction in prices generally.

With the advent of the Maha Jana Eksath Peramuna (MEP) (the new government) there also occurred a shift in the emphasis on the part to be played by the government in dealing with employer-employee relations. The previous government (The United National Party) put its full weight on the side of the employer in any clash or conflict that took place between employer and employee. The new government, purporting to be a Peoples' Government, has always taken the side of the employee.

Since the new government took office a number of strikes have taken place throughout the country. Work in the Port of Colombo has been paralysed because of strikes, and the government has been compelled to declare the Port work as an essential service. The result of this step is that henceforth workers who wish to go on strike will have to give the government prior notice of such intention. A number of strikes have also taken place in the tea estates. All this has a crippling effect on the national economy, which is agricultural, undiversified, and precariously dependent on the export of three major crops: tea, rubber and coconut.

Some of these strikes are said to be engineered by left extremists who seek to establish a classless society by revolutionary means. In control is the Government which prefers to adopt a "Fabian" policy, seeking to establish a socialist State by democratic means. Various laws have been passed safeguarding the interests of the workers. The nationalisation of large estates by Government is under consideration, and wealthy landlords, in their bid to overthrow the government, have secretly encouraged strikes by workers. The new government has also in mind the nationalisation of banking corporations and the means of public transport.

One major problem to which the government has addressed itself, but which has not been solved satisfactorily, is the rising tide of unemployment of the Country. One of the chief reasons for the almost complete rout of the United National Party (the previous government) from power was its failure to provide employment for the many thousands whose numbers were increasing daily. With the lesson it has learned from the fate that befell its predecessors, it cannot be doubted that the government will by some means try to solve this thorny problem before it goes to the polls again.

The day is not far off when Ceylon also will have a republican form of government like India and Pakistan, the two other Asian Republics of the Commonwealth. Though some members of the government party have urged the Prime Minister that Ceylon should leave the Commonwealth, the question is not quite in the forefront at the present time, as it is doubtful whether the Prime Minister will consider breaking off ties with the Commonwealth during the present critical period in world affairs.

As regards foreign policy, the Prime Minister, Mr. S. R. D. Bandaranaike, has repeatedly emphasised that his country will adopt a policy of "Dynamic neutrality."\* He has lost no time in seeking to exchange diplomatic representations with Russia and China. This is in striking contrast to the policy of the previous government. The new government has made progress towards the establishment of a socialist Democracy in Ceylon, at least in principle. Though

See exclusive interview with Mr. Bandaranaike, EASTERN WORLD, March 1957, p. 18.

there is unemployment, the lot of the worker has been improved; the gap between the rich and the poor has been narrowed, and the signs are already visible of a classless society.

In their anxiety to bring about a radical transformation of the structure of society, some members of the government, including cabinet ministers, have deviated from the recognised traditions and conventions of parliamentary democracy. Recently the Prime Minister deplored the tendency of certain government party men publicly criticising the work of administrative officials. Heads of certain departments have come in for adverse criticism while they, in turn, have complained of "ministerial interference" in the administration. Sir John Kotelawalla, the former Prime Minister of Ceylon, recently remarked that there was nothing that could be described as collective responsibility in the Cabinet of Mr. S. W. R. D. Bandaranaike and added that each Minister was a little Prime Minister.

It is also alleged that the Prime Minister is unable to curb the headstrong tendencies of some of his cabinet colleagues. A "Forward Bloc" has been formed within the Government Parliamentary Group, and in this connection the Minister of Finance recently remarked that the threat to the stability of the Government from within the party was "grave."

The Maha Jana Eksath Peramuna (MEP) is not a political party: it is only a coalition Government, a combination of various political parties brought into existence on the eve of the General Elections to overthrow a capitalist regime that was in power. As such, therefore, it lacks the unity and coherence that a one party Government would possess. It seems as if the cracks in the edifice are already apparent.

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## ASIAN SURVEY

### JAPAN RESUMES TIES WITH SOCIALIST COUNTRIES

*From our Correspondent in Tokyo*

Now, more than ten years after the end of World War II, Japan is beginning to find her bearings between the East and West. None of the governments of Mr. Shigeru Yoshida made serious attempts to restore diplomatic relations, or to come to terms, with the countries of the communist bloc, once the Soviet Union had refused to sign the San Francisco Peace Treaty with Japan in 1951. On the contrary, "normalisation" of relations with the Soviet bloc was one of the slogans under which Mr. Yoshida's conservative opponents rallied around Ichiro Hatoyama and the late Mamoru Shigemitsu towards the end of 1954, eventually bringing about Yoshida's downfall. To achieve the proclaimed target has not been easy. Though diplomatic relations have now been restored between the Soviet Union and Japan, and ambassadors from both countries have been dispatched to Tokyo and to Moscow respectively, no peace treaty has been signed as yet. On February 10, Mr. Ivan F. Tevosyan, the newly appointed Russian ambassador, arrived in Tokyo. The Japanese press, in welcoming him, pointedly enumerated the issues awaiting settlement, such as the fishery problem, territorial questions and the unaccounted disappearance of a large number of Japanese in the Soviet Union. Among the declarations which the new ambassador delivered on arrival was the statement that the Soviet Union was pursuing a policy of non-interference in the domestic affairs of other nations. Tokyo papers, after having extensively reported events in Hungary, commented that the Soviet Union had made the same pledge in their dealings with other countries—but that they are expected to carry it out in Japan. Among those who welcomed the Ambassador at Haneda Airport, besides Mr. Suemitsu Kadowaki, Japan's ambassador to Moscow, were Mr. Mozaburo Suzuki, Chairman of the Socialist Party, Mr. Sanzo Nozaka, Secretary General of the Japan Communist Party and Mr. Hisanosuke Kuhara, President of the National Council for Restoring Relations with the Soviet Union and China, heading a considerable number of leftist organisations. Thus the "Guests on Azabu Hill"—as the residents of the unofficial Soviet mission in Tokyo were euphemistically called before the restoration of diplomatic relations between the two countries—have now been replaced by an ambassador whose experience in the field of heavy industries may augur well for the increase of Soviet-Japanese trade which many Japanese consider a genuine basis for good relations.

As an indication of their preparedness to settle outstanding issues, the Soviets, a few days after the arrival of their new ambassador in Tokyo, sent Deputy Fisheries Industry Minister Alexi M. Kutarew with a twelve man mission to Tokyo. On arrival, Mr. Kutarew declared that he had come to Japan to conclude a practical agreement with Japan for conserving the fishery resources in the North West Pacific on the basis of the Japan-Soviet Fishery Agreement signed in Moscow in May 1956. (For previous Japan-Soviet Fishery Developments see *Eastern World*, June 1956, p. 22).

Almost coinciding with the arrival of the Soviet Ambassador in Japan ending a twelve years' technical state of war, diplomatic relations with two other countries of the communist orbit, namely Poland and Czechoslovakia, were restored. Negotiations with Poland were conducted during the General Assembly of the United Nations Organisation in New York by Mr. Toshikazu Kaze, Japan's United Nations Representative, and Mr. Jozef Winiewicz, Deputy Foreign Minister of Poland. On February 9, 1957, the first agreement consisting of six articles was signed in New York ending a sixteen years' technical state of war. The relations between Japan and Poland had been disrupted when, on December 11, 1941, the Polish Government in London declared war on Japan. Now, an exchange of ambassadors is scheduled to take place almost immediately. Poland is the 72nd country with which Japan has restored diplomatic relations after the end of World War II. Both countries agreed to begin, as soon as possible, negotiations for conclusion of a treaty or of an agreement to place trade and maritime relations on a stable and friendly basis. As a token of the newly established good relations, the University of Tokyo has sent 50,000 books on various aspects of Japanese culture to Poland. While the American Government is not "necessarily eager" to see Japan establish relations with communist countries in Eastern Europe, it welcomes nevertheless the arrangement with Poland in view of the newly achieved contacts between Poland and the United States and because Japan stands to gain by normalising her relations with as many countries as possible as will increase her trade volume.

At the same time, negotiations were successfully concluded in London between Japanese Ambassador Haruo Nishi and Czechoslovakian Ambassador Jiri Hajek, resulting in a protocol on the lines of the Polish agreement has been signed. Further negotiations with other communist countries are expected to follow before long.

On trade with communist countries Prime Minister Kishi, in a recent plenary session of the (Upper) House of Councillors, stated that his government has no intention of changing its policy of negotiating with the United States and other western nations for further relaxations of the COCOMA restrictions on trade with communist countries. He made this statement when he mentioned that the United States at the beginning of February last, had informally requested Japan's views on tightening the trade curbs with the communist bloc. While pursuing their policy of encouraging trade with mainland China, the Prime Minister said time is not ripe for resuming diplomatic relations with Communist China. The Premier was corroborated by the Minister for International Trade and Industry, Mr. Mikio Mizuta, who said that Japan has to increase her trade with China so as to be able to balance her purchases there which amounted in 1955 to \$84 million while exports reached \$67 million.

The Gaimusho (Ministry of Foreign Affairs) is an

to interpret the restoration of diplomatic ties with Poland and with Czechoslovakia as a consequence of Japan's admission into the United Nations Organisation rather than as the logical outcome of the normalisation of her relations with the Soviet Union. Mr. Kishi's statement on mainland China seems to bear out that view. COCOM restrictions will prevent the trade between Japan and Poland and Czechoslovakia from increasing by leaps and bounds. The distance between the territories and the comparatively high degree of industrialisation plus the strictly controlled economy of communist countries will likewise limit quick trade expansion. In the light of these considerations, Japan's quest for normalizing her relations with fellow members of the United Nations Organisation seems natural and legitimate.

How far these recent developments have been conditioned by domestic politics, is a question rather difficult to answer. The Japanese Communist Party has for some time been endeavouring to find points of contacts with the Socialists who have kept their distance from these communist overtures and from their attempts to proclaim a united front of "all progressive forces in Japan". However, in view of the mounting pressure from the communist camp, the Socialists found it opportune to invite formally the Secretary General of the Japanese Communist Party, Mr. Sanzo Nozaka, to address the Socialist Party Congress which took place in Tokyo during January 17-19, 1957. Mr. Nozaka delivered his address with much skill and with the result that subsequent anti-communist speeches at the Congress were not very much appreciated. One resumé of the Congress called the "narrowing distance" between Socialists and Communists in Japan the most significant outcome of the Conference. Other observers felt that the attempts of the Communists at a rapprochement were stimulated by decreasing party-membership and falling circulation of the official party paper *Akahata* ("Red Flag"), probably both results of a rising standard of living in Japan, said to be the highest since Jimmu Tenno, the legendary First Emperor.

## United States

### Fate of Aid Programme

From David C. Williams

(EASTERN WORLD Washington Correspondent)

With the presentation of President Eisenhower's programme for economic and military aid to the peoples of the underdeveloped areas of the world, the stage was set for what promises to be one of the most significant struggles in the present session of Congress. On the one side are ranged all those who consider such aid a vital part of American foreign policy; on the other, those who find the size of the Federal Budget alarming in the extreme, and who seek some way to cut it.

The President's programme includes two striking new features. For the first time, the sums for economic and for military aid are presented separately, whereas previously they had overlapped in a large "gray" area called "defence support." In this category was included the aid to countries like Pakistan and Korea, with whom the United States has military alliances, and which was intended to make it possible for them to support armed forces at higher levels than they

would be able to by their own unaided efforts. Some of such aid in the past has been of strictly military significance; some of it, however, has helped the recipient countries to develop their civilian economies.

The term "defence support" was devised in the latter years of President Truman's Administration. One strong reason for using it was that Congress seemed more favourable to military than to economic aid, and the use of a "defence" label for aid that was at least in part economic, helped the Administration get its programme through Congress. A recent public opinion poll shows that the American people still seem more favourable to military than to economic aid. Here are the figures:

	Economic Aid 4 percent	Military Aid 5 percent
Should be increased	24	47
Should be kept as is	31	20
Should be cut a little	31	14
Should be cut a lot	3	2
Should be stopped	11	12
Don't know		

In spite of these rather alarming figures, many supporters of economic aid have long advocated that it be clearly separated from military aid. They believe that, when the American people realise how moderate are the sums allocated to economic aid as compared with military aid, the myth that it constitutes some sort of "global giveaway" will be dispelled, and it will be possible to win greater public understanding and support for economic aid.

The second major innovation in the new Eisenhower programme is an effort to put economic aid on a longer-term basis, so as to avoid the annual debate over it in Congress. This is to be accomplished through the establishment of a long-term economic development fund, to make loans to other countries for development purposes. A new feature of this fund, which distinguishes it from the World Bank and the Export-Import Bank, is that the loans need not be repaid in dollars or other "hard" currencies, but may be repaid in the currency of the country making the loan — a much easier kind of repayment for most countries. Here, again, the Administration appears to be responding to suggestions which have been made by many thoughtful students of overseas aid and its problems.

We say "the Administration," but the Eisenhower Administration does not speak with the single voice of the British Cabinet — or even of previous American Administrations.

Senator Lyndon Johnson, the Democratic Majority Leader, was moved to comment upon the differences within the Administration. He pointed out that Secretary of the Treasury Humphrey had warned that the Federal Budget must be cut, or there will be "a depression that will curl your hair." Quoting what Secretary of State Dulles said with respect to a threatened cut in the appropriations for the State Department, Johnson said: "I do not want to 'breach the front-line defence of peace and freedom' but neither do I want my hair curled by Secretary Humphrey's depression."

The prospects for the overseas aid programme, in fact, are not too bright at the present moment — both because of the strength of the cry for "economy" (to which the British tax cuts have given further encouragement) and because of the lack of positive leadership by President Eisenhower. At the time of writing, it seems clear that only such leadership can save the programme from severe curtailment.

## Malaya

### A Valuable Legacy

*From Our Correspondent in Kuala Lumpur*

In transportation Malaya leads South-East Asia and in many respects surpasses the poorer European countries. Whatever other legacy Britain leaves behind when Malaya becomes an independent nation in August this year, it can look back with pride on having developed the road, rail and air services of this country.

From Singapore to the Siamese border runs a magnificent highway for 600 miles, linking virtually every important Malayan town; and from east to west runs a fair to moderate cross country road which is still being improved. And these roads, let me make it clear, are all metalled . . . they are not laterite throwing up a smoke screen of dust when the weather is dry and bogging down vehicles in mud when it is wet.

Malaya's Government-owned railway is comparable in comfort, although not in speed, with the best rail services anywhere in the world and next year will be stepped up from an average of 40 mph to 60 mph with the introduction of 20 new diesel electric locomotives. As far as the air services are concerned this surely must be one of the most air-minded countries in the world. In May this year, Malayan Airways (into which BOAC are shortly likely to buy controlling interest) celebrated its 10th anniversary without one single mishap, a record few other air services operating 11 Dakotas and three Rapides can boast.

With all these facilities for getting people and freight from one point to another with ease and fairly cheaply, Malaya has been opened-up beyond the wildest dreams of those who lived here a quarter of a century ago.

Now Malaya has taken a step unique in the world of transportation. Today it is possible to go into the railway station at Kuala Lumpur, the Federal capital, buy a first-class railway ticket to Kota Bahru, a town on the north-east tip of Malaya, and travel the first 100 miles by plane before catching the train. The air journey is optional but it does reduce the train journey by 12 hours.

Inevitably as countries go through minor social revolutions and develop, some industries and groups of people are hit and suffer. This is happening to the small number of coal miners in Malaya. At a small central Malayan town of Batu Arang, coal has been mined for the past 50 years, but today it looks as if the mine will have to close down simply because there is no demand for the coal. In 1955, one thousand of the 2,500 miners had to be dismissed and re-directed into other employment. In prewar years and early postwar, Malayan coal (which is far inferior to the coal mined in Britain) had two main buyers . . . the Malayan Railway and the electricity companies. The Malayan Railway now has the majority of its engines running on oil and has already 20 diesel electric locomotives on order; and the power stations of Malaya are virtually all run on oil. Hence no one wants Malaya's coal and unless the Batu Arang coal mine can continue to sell 15,000 tons a month, then it will have to close down. Today there seems little hope of it remaining open very much longer. Protest meetings have been held by the miners, petitions have been sent to the

Government, but logic dictates that if the trains of the country and the power stations are to revert back to coal, there would be a retrograde step.

Another mineral, too, has been in the news recently. This is tin. On the eve of his retirement after 28 years in Malaya, Mr. Ian L. Patterson, Chief Inspector of Mines, said that he believes there is just as much tin left in the ground as has been mined. Tin mining in Malaya has been going on for 300 years and in 1956 a new postwar record was established when 62,300 tons was mined.

According to Mr. Patterson tin will continue to be mined on a very substantial scale for at least another 50 years, and thereafter, at a declining rate for a very long time to come. He said that not in the foreseeable future was it likely that any other country would become a serious challenger to Malaya as the world's largest tin producing country and neither had any mineral or alloy been discovered that might in time take the place of tin. Nevertheless, he had one warning to give — a reference to any thought of nationalisation. "If any future Government of the Federation decided to nationalise the mining industry, or were even suspected of considering the matter, I believe that very serious economic consequences would follow." He said there was no room for any such idealism in the matter of an industry which had to sell in foreign markets. Malaya's mining industry, and the many businesses and people directly or indirectly dependent upon it, could thrive and bear a reasonable burden of taxation for just as long as the rewards for the investment of enterprise and capital remained good and sound. "I believe that a nationalised industry would be less efficient and consequently wasteful," he added. In Bolivia, South America, another of the world's major tin producing countries, it was decided in 1952 to nationalise tin. Since then production has dropped and today the industry is being bolstered by funds poured in from the United States of America.

## Australia

### Defence is Political and Economic Dilemma

*From Charles Meeking*

(EASTERN WORLD Canberra Correspondent)

There is increasing evidence that Australians are not satisfied with piecemeal revisions of defence policy—even revisions on the scale just announced—and that there will be greater pressure soon on the Government and on Parliament to pay some attention to the economic and political problems involved in long-range assessment of foreign policy and defence commitments. There is a good deal of confusion in the public mind, and reflected in the National Parliament, on the nature of the potential threat, on the present system of regional and other alliances, and on the best means of safeguarding this continent, which cannot be defended adequately by the armed forces and equipment of this nation of nine million people alone.

Little or no criticism has been expressed of the drastic revisions of British defence policy, revisions which were not

s of expected even in their impact on Britain's lessened capacity to coal share defence in South-East Asia and which have made integration with American strategy and American aircraft recently and other weapons more urgent and acceptable.

years There has been some criticism, however, of the new of Mines Australian plans. Some critics have asked why the revision ft in has been delayed so long. Others have objected to the has been curtailment of the National Service training scheme, and yet ar recon others have objected to retention of the remnants of the scheme as wasteful expense.

be mine All these are matters of detail. The larger problems ars, and have been almost ignored by Parliament, including the to come ultimate one of which nation or nations may be expected to tely the launch any attack on Australia, and where any such attack enger might fall. This question is not answered by a decision to try aning Sydney by a chain of guided missile stations by the at might announcement that the Australian Army's future role will be ad, one in South-East Asia," or by the provision of about £A6 national million a year for Colombo Plan aid (of which about one-deration third of the total over seven years is at present unexpended). re even in many quarters in this country the expansion of foreign at verid is as unpopular as a similar idea is in sections of the id then United States, and Australian politicians display no willing- of agness to suggest it either as an alternative to the undiminished alaya defence expenditure or as justifying some decrease in people Australian living standards and the availability here of ve and capital goods needed in Asia. Yet the pressure of informed as the opinion in this direction is becoming obvious, and must soon mained be heeded.

industry In a conference recently, the Victorian branch of the added Institute of International Affairs considered the implications for Australian foreign policy of recent changes in the inter-rior tin national situation, including the accelerated tempo of the onaliv Asian economic revolution. The members discussed the role ay the of the Chinese minorities, the fact that China continues to m the be "at once a magnet and the sphinx of Asia," and Australia's ambivalent position as fundamentally an Asian country having its economic, political and cultural ties with western Europe. It was agreed that the broad assumption upon which Australian defence policy had been based in recent years had been that the chief threat to Australia would come from Communist imperialism, chiefly Chinese, or from a resurgence of Japanese militarism. The Anzus pact, promoted from a fear of revival of Japanese aggression, had fallen short of Australian hopes "because of its limited membership and a subsequent inability to either integrate it with America's other Pacific commitments or to secure the adhesion of Asian Powers." SEATO had been designed to check Communist aggression. The conference decided that "the problem of effective defence may well now be primarily an economic one," and that Australia's contribution so far to economic aid for Asia had been little more than a friendly gesture.

and The conference also found it was "generally agreed" t of that Australia, with its own "colonial" past and its record of sympathy for nationalist movements in Asia, was good politically peculiarly qualified to contribute to Asia's the economic progress. It was recognised also "that in a context and of competitive co-existence of an economic kind, the next and few years are of crucial importance in determining the économic and political pulls in Asia, and whether the un-astic comitted Asian states will move into either of the existing blocs or build up a powerful neutralist counter-balancing not group."

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It was further agreed that the basic problem for Australia was how to make a substantial increase in economic aid for Asia without endangering the stability of Australia's own economy. The real danger in Asia, it was considered, was the explosive force likely to be generated by rising discontent at the inability of Asian governments to accelerate the rate of national development or to raise per capita incomes. On these points the conference reached a conclusion which set out the problem for Australia in stark terms, but it was unable to provide the answer. Its words could well be pondered by all Western statesmen. It said: "Given the magnitude of the Asian problem—the size of its population and its retarded economic development—this may well necessitate a concerted attempt at the international level to secure a greater degree of equality of incomes within and as between countries. The inevitable consequence of this would be a reduction of Australia's present high living standards. It is recognised that this is at present utopian, and that it would be suicidal for any political party to support it."

## Second Thoughts on West Irian

*From Our Australian Correspondent*

Some Australians are having second thoughts about Dutch retention of West Irian and the likely results to Australia if Holland continues to resist the Indonesian claim to the area. These thoughts are based on reasons which differ from those actuating Dutch traders to urge in Holland that West Irian should be relinquished in the cause of improved Dutch trade and relations with Indonesia, but the end result may eventually be the same.

It is becoming realised more widely that the Dutch obstinacy on retaining West Irian is due largely to Australian pressure. Holland has shown no interest, according to Lord Home, British Minister of Commonwealth Relations, in becoming a member of SEATO, but there are strong grounds for the belief that pressure by SEATO (including, perhaps, even the United States, which in the UN has always abstained from voting on the West Irian question) is strengthening Dutch determination to continue the expensive occupancy of the area by the Netherlands.

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In other words, for reasons which have never been disclosed, West Irian appears to be considered vital to the strategic plans of SEATO for countering communist aggression or advance in South-East Asia. If this is so, a plain admission by Australia might be better than secrecy on the subject, or than to shelter behind talk on legal rights and the welfare of the Papuan people. It might lead to an informed debate, now impossible, on what is envisaged about New Guinea and Indonesia in the event of either a "small" war in the area or a global conflict. It could also induce the Australian Government to take belated cognisance of feelings from Indonesia about the possibility of a joint pact of mutual defence and assistance against aggression.

Some Australian newspapers have devoted considerable space to the visit of the Soviet President, Marshal Voroshilov, to Indonesia. One paper, using a technique familiar elsewhere, used the headline, "Voroshilov A Day From Darwin" and went to the lengths of suggesting that Sukarno had ordered Indonesians to wear ties in the streets, and of saying without any supporting facts, that Sukarno was "losing ground rapidly". These tactics may be swallowed by some Australians, including some politicians, but in general there is growing understanding in Australia of the Indonesian position, and increasing doubt about the wisdom or the justice of the Australian Government's stand on West Irian. The fact that Russia and the nations of the Afro-Asian group support the Indonesian claim may not reassure Australians, but it does not increase any feeling of Australian security.

There has been little publicity for the United States decision to make a \$15 million loan to Indonesia, or for the declaration of Mr. John Foster Dulles in Canberra that there was no indication of a swing to communism in Indonesia. There has been some editorial criticism of the Sukarno move for a National Council, and some support for a government to be led by the former Vice-President, Dr. Hatta, but in general the Australian ignorance both of the trends of Indonesian politics and of the major benefits which could flow from closer Australian-Indonesian defence, political, trade and cultural relationships remains undisturbed.

The Australian Prime Minister, Mr. Menzies, whose promised visit to Indonesia last year was prevented by the Suez crisis, recently returned from an Asian visit without calling at Jakarta. There was no official explanation, but it was indicated that the proclamation of martial law in the Republic made such a visit impolitic. In view of the arrival of the Russian delegation, this excuse seems untenable. Surely it would be better for Australia and the other western nations to give tangible assurance of their friendship for Indonesia, and to consent to study, dispassionately, the West Irian arguments and the possible effects which would follow establishment of Indonesian sovereignty. It would not be easy for Australia to retreat from her earlier attitude, but a move by Holland might pave the way if a change were considered desirable.

It is being suggested in the United States that President Eisenhower should go to Indonesia. This may be desirable and it may be practicable. It would certainly be easier, and at least as desirable, for Mr. Menzies to go there, to spend some time in unhurried and intimate discussions with Indonesian leaders, and to show that Australia pays more than lip service to the maintenance of friendship with her nextdoor neighbour. Such a visit is overdue. It could be of the utmost value and importance to both countries.

# INDONESIA WILL BE STRONG

By H. C. Taussig

THE so-called crisis in Indonesia has been lasting for such a long time that it has ceased to be a crisis. It is a state of affairs. Yet the many problems faced by Indonesia appear in a very different light abroad from what they, in fact, are inside the country.

It is perfectly true, of course, that Indonesia has been suffering from a serious malaise for a few years now. But it is a case of acute discomfort of an otherwise healthy body, a case which will take a few years to cure and which will leave that great nation prosperous and powerful in the end. The crux of the problems is that Indonesia is the victim of a vicious circle: she needs outside assistance and all the understanding the world can give her in her present struggle, to establish a stable government and a sound economy, while no outside help is forthcoming as long as her internal administrative and economic conditions are not settled and inspire greater confidence internationally.

I have had long talks with leaders like the then Prime Minister Ali Sastroamidjojo, Vice-President Hatta, Speaker of the Assembly Sartono and the Secretaries-General of various political parties. They impressed me as sincere, honest and able leaders, and the most conspicuous proof of their honesty of purpose and devotion to their country, was their frankness. None of them tried to glamorise their own role, to belittle their problems to minimise the difficulties of the country. But what could they do? The Dutch have left their former colony in a deplorable state. Indonesian participation in administration was negligible; as a national contribution Indonesia was asked for only one thing: cheap labour. Little was done for the country's development and it was deprived of the fruits of its production. Education was grossly inadequate.

Therefore, Indonesia had to begin from scratch, without manpower, raw materials, capital, skill. Nor was there any experience in modern democratic participation in running the country, and the various shades of political opinion have not yet achieved the necessary routine of compromise and manoeuvre to steady the ship of state tossed about on the stormy sea of genesis.

It is vital, therefore, to assess the practical position of responsible politicians. The problems and

difficulties which have faced the Sastroamidjojo cabinet will face every possible combination of future cabinets in Indonesia for a number of years. No government will achieve miracles over night. Time is essential to consolidate the many different demands made by a more and more enlightened population for political stability and economic and social progress.

Indonesia is still suffering from the aftermath of revolution and is building a new society which emerges from the centuries-long fate of subjugation. If President Sukarno, the most important single political factor in the country, has taken steps to revert to emergency measures, he has acted with the support of the people. His measures have met with strong opposition from various quarters, as many deplore the interruption of the gradual development of democratic parliamentary practice through an appointed cabinet. But the new cabinet is still responsible to Parliament, and the President's compromise seems to have satisfied many leaders who admit that the situation calls for the same clear cut directives as does any emergency. If it is a question of saving parliamentary democracy or Indonesia, no Indonesian will hesitate: the country comes first.

This fervent patriotism is one of the most promising and valuable characteristics of modern Indonesia. Not one single person I talked to, whatever his complaints against this or that, lacked this quality of devotion to his country. This united desire of all sections of the population to see a strong and morally sound leadership at the helm of affairs, was especially visible during the military actions in Sumatra. While the world spoke of "coups d'etat", "revolts" and "uprisings", these



military leaders never for once attempted to seize power for themselves, never attempted to split the country. All they asked for, and with considerable popular support, was a more efficient system for the running of this country of 3,000 islands.

Indonesia is now witnessing a regrouping of forces. The younger generation is making itself felt in every party, office or business firm, in the army and the police. They stand for

cutting out corruption and a firm regeneration of the state apparatus. It is almost certain that they will support President Sukarno's new, temporary experiment. In any case, they will give it a chance. And so should the outside world. For Indonesia, with her natural riches, big and intelligent population and ingrained culture, is destined to play an important part in world affairs in the years to come.

## Developments in Indonesia

*From a Special Correspondent in Jakarta*

**I**T must be said immediately that life in Jakarta, indeed throughout Indonesia, is quite normal, in spite of the State of Emergency declared recently by the President. Normal life, of course, is not necessarily the same as quiet life. Particularly in West Java, the Darul Islam continues its career of murder, plunder and fire. On the other hand, several of the gangs in various places — especially East Indonesia — have given themselves up in recent weeks. It is generally believed that one of the many reasons for this is a sense that the Republic itself is in danger and needs support.

Any conscientious reader of the foreign press must have the same belief. Those of us here who see British, American and French newspapers often wonder whether the reports are really about this country. Could they perhaps mean Indo-China? We see a Through the Looking Glass world, from which it is a relief to turn again to the realities of life here. Generous Indonesians point out that the correspondents know none of the languages in the country, and cannot be expected to understand the deep social and cultural currents which are exerting such a powerful effect.

The historian rather than the journalist, the political scientist rather than the reporter, are much more able to appreciate what is happening. Indeed, the heaping up of masses of details can actually obscure the picture.

Basically, Indonesia is searching for a form of government, viable in the modern world, flexible in the future, but firmly rooted in the society and culture of the nation. There is no reason to suppose that anything imported will fit this bill. In fact, the system followed for the first eleven years of the Republic's life has broken down; that was imported from Europe, and led to a constant series of weak coalitions based on shifting Parliamentary support, and usually formed by a species of more or less skilful inter-party horse-trading. At the first national crisis, caused by regional pressures for greater autonomy, the system broke down. The more realistic politicians are now giving much thought to ways of decreasing the vast number of parties (often just one man and his brother) which contest elections. It is likely that the next elections will see either a system of deposits, as in Britain, or the refusal to accept parties without a reasonable electoral backing, as in India.

President Sukarno's proposal to reorganise the method of government has created world-wide interest, and it is usually interpreted as "bringing communists into the government." True, it would have that effect, but such a description is as incomplete as saying that a motor car is a device for burning petrol! Whatever may be said of President Sukarno, it cannot be denied that he knows the Indonesian people. He is aware that the imposition of any

form of government foreign to a people causes friction. Therefore he has suggested a form of government which is completely democratic, and which is a natural extension of already existing and deep-rooted Indonesian practices. The government would be based on parliamentary methods, would be democratic by any of the definitions accepted in the West, it would meet the demands of the regions, and would make government apparently and genuinely more approachable by the mass of people.

These are surely worthy aims, and if the cold-war mentality could be overcome, especially by the rabid anti-communists, would undoubtedly lead to a much greater governmental stability.

This concept is based upon three nation-wide, deeply rooted, age-old and powerful social phenomena. The first is *gotong royong*, or mutual cooperation for agreed and mutually beneficial aims. The other two are *mushawarah* and *mupakat*, which together mean talking out any problem until an agreed solution is reached which neither spiritually nor materially hurts anyone. Before deriding these, consider for a moment that the Asian African Conference, under the presidency of Ali Sastroamidjojo, was run on those lines. It was certainly not unsuccessful, and it produced a resolution which, after two years, is still a most powerful factor in Asian affairs, and which could be accepted by Gen. Romo and Chou En-lai. Incidentally, a man wanting to build a house, or a village wanting to build an irrigation canal, by *gotong royong* does not enquire into the politics or religion of the helpers.

In practice, a government based on these ideas would contain as wide a selection of the political currents in the country as possible, including, of course, the communists. In accordance with its *gotong royong* mandate, the Cabinet would strive to function as a unity towards the agreed and mutually beneficial end of national progress. Under the social pressure generated inside and outside the government, it would be extraordinarily difficult for a minister to step outside the *gotong royong* concept. Certainly he himself, and his party, would be heavily stigmatised if that happened. In just the same way, any villager who refuses to take part in *gotong royong* faces great social pressures.

The second factor in President Sukarno's concept is the formation of a national council, consisting of the various functional groups in society. The Army, youth, women, students etc., are to be represented on this council, whose purpose is to advise the Cabinet. The idea is that the national council members should not be delegates from their groups but representatives of them and of the nation, and the unanimous advice tendered by the council to the Cabinet

should be free from political bias.

There are many loose ends in this plan; the inter-relationship of Parliament, Cabinet and council, the method of appointment to the council, the constitutional position, all must be clarified. Nevertheless, the most hopeful thing is that new thought is being carried into practice. Whatever its constitutional and theoretical aspects, the fact is that it has already revived political life in the sense that there is a new feeling of urgency. The old drifting has stopped.

There is also a considerable new realism. The President, for example, has made a strong attack on the bureaucratic methods which have for so long stifled government, and particularly the relations with the provinces. This is a problem of lack of experience and of the colonial heritage. It will not be solved easily, but at least a determined start can be made. The political maturity shown in the results of the recent Army Commanders and Military Governors conference is most impressive. In particular, it was recognised that the mythical and almost mystical *Dwi-tunggal* (*duumvirate*) of Sukarno-Hatta is ended, but it requested cooperation between the two. This conference further illustrated the powerful role of the Army in government. It condemned the membership of civil servants in political parties. This is perhaps a council of perfection in all countries; in Indonesia it would virtually mean the end of effective political organisation, since such organisation demands education, and the educated minority is overwhelmingly involved in government. Interestingly, too, even Cabinet Ministers were barred from the conference.

The new Government of the universally respected Mr. Djuanda probably has as much parliamentary support as any Cabinet could have. However, there are other criteria for stability. After all, when Ali Sastroamidjojo returned his mandate, he still commanded a reasonable parliamentary majority. The new Government contains many new faces; it was formed by the President; its programme is simple; it recognises that the existing pattern of democracy has not yet produced the results demanded. The situation is by no means one for pessimism, although it does demand great watchfulness.

Perhaps there are two main dangers. The first is the economic position. Gold cover is down to 15 percent instead of the statutory 20 percent, and the budget deficit is frightening. Stern and austere measures must be taken to remedy this, and it may be that the new Minister of Finance, Sutikno Slamet, a director of the World Bank, is the man for this Crippsian operation. Secondly, the activities of the political parties, and especially their tendency to oppose for the sake of opposition, has led to a growing aversion from party politics. This can be dangerous, unless the parties come to their senses. One result is expected to be increased communist votes at the municipal and regional elections.

Basically, what is happening is not an attack on democracy, nor an attempt to impose a "guided democracy" — whatever that might be. Attempts are being made to correct the mistakes of the past and to create a democracy which genuinely comes from Indonesian roots, and is not the half-assimilated product of political theories.

## Higher Education in Indonesia

By R. Moerdowo

THE purpose to which a university education is put differs in an independent country from that in a dependent one or in a colony. This was at any rate true in Indonesia during the Dutch colonial period. No higher education existed in Indonesia before the beginning of the 20th century when more enlightened policies began to prevail in Holland. Then the "ethical policy" was inaugurated and the Dutch began to establish institutions for higher education. But Indonesians felt that this was merely a way to provide training for cheaper officials and technicians in the colonial administration, and that the Dutch looked upon university training for Indonesians as purely vocational.

In 1920, a Faculty of Engineering was established in Bandung, and in 1924, this was followed by a Faculty of Law, while in 1927, the Faculty of Medicine was founded. Statistics for 1936 show that there were 375 Engineering students, 543 Law students and 168 Medical students making a total of 1,086 students reading for degrees at that time.

The curriculum of the schools was modelled on the higher education provided in Holland, but standards were much higher in Indonesia, so much so, that Indonesian students who had failed in their own country went to Holland to pass the Final examinations there.

Although Indonesia was an agricultural country, there was not, at this time, any agricultural faculty attached to the university, but there were agricultural colleges and a college of veterinary science which gave training for those who would occupy middle rank appointments. Students wishing to obtain a degree in agriculture and forestry were obliged to go to Wageningen in Holland.

The teaching of art was also neglected despite the existence in Indonesia of many cultural centres with flourishing traditions of art and crafts.

Before the Japanese invasion, the Dutch opened a Faculty of Agriculture and a Faculty of Literature, but with the fall of Djakarta, the Japanese closed all the institutions for higher education.

In April, 1943, the Medical Faculty was reopened and a year later, work was resumed at the Technical Faculty.

During the Dutch period of higher education, students were separated into various groups and unions. Those who were close to the Dutch by reason of social status joined the *Studenten Corps*, while those with nationalist sympathies formed the *Unitas Studiosorum Indonesiensis* and the *P.P.P.I.* (Society for Indonesian students). The Chinese student body formed its own union as did the Catholics and other Christian students.

Although higher education in Indonesia was based on Dutch ideas, the Indonesian students who followed the courses became the nucleus of the Indonesian independence

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*The entrance of Gadjah Mada University in Djogjakarta, housed in the Sultan's palace*

movement. During the Japanese occupation, the movement continued to attract new followers and it was the student body which helped to ignite revolution at the time of the Proclamation of Independence in 1945.

After the allied landings in 1945 and the return of the Dutch forces, conditions for study in the higher institutions rapidly deteriorated. Lectures and laboratory practice became impossible while fighting continued in the streets. Eventually the Medical Faculty was moved to the interior—to Solo and Klaten. In March, 1946, a pre-clinical institute was established in Klaten while clinical practice was continued in Solo. That same year, a Technical Faculty was established in Djogja and a private Faculty of Law and Literature was established, sponsored by graduates and progressive leaders in Middle Java. Meanwhile, the revolution continued in the towns and villages. The Dutch forces occupied the capital and Bandung and set up Faculties once more, under the Federal Administration. The interior, still in the hands of the Republic, continued to have its Republican higher education system, but when the Dutch launched their attack on Djogja and Solo, the Faculties were again closed and the students fled to the country to set up First Aid Posts and join in the guerrilla warfare.

In 1949, the Round Table Conference at the Hague brought hostilities to an end and the students returned to Djogja, Djakarta and Bandung.

In Djogja, the private University of Gadjah Mada was founded. The Sultan of Djogja proved most helpful in finding accommodation for lectures and laboratory work. The Residence of the Crown Prince, a private palace, was placed at the disposal of the University. In December, 1949, the University came under the control of the State and Faculties of Medicine, Dentistry, Pharmacy, Agriculture, Veterinary Science, Technology, Political Science, Law and Literature were established.

Higher education in Djakarta was continued at the University of Indonesia, which has a Faculty of Medicine, a Faculty of Law and Literature, both in Djakarta, and a Faculty of Technology in Bandung and Faculties of Agriculture and Veterinary Science at Bogor.

Erlangga University has been opened in Surabaya (November 1st, 1954) while another new university was also

opened in Sumatra. In Makassar, the Economics and Law Faculties were re-opened and these became part of the Hasanudin University.

To foreign eyes, the establishment of so many universities must seem ridiculous, for how could Indonesia provide an adequate teaching staff and sufficient material and accommodation. But the whole of the Indonesian educational policy must be judged against the background of the sociopsychological conditions prevailing in the new-born Republic. In the course of time, this new higher educational system, at present so broadly based, will develop more fully and make a real contribution to the reconstruction of the country.

The universities in Indonesia are inseparable from the community and must act as guides for the reconstruction of the country. They must take their proper share in national reconstruction by providing training for scientists, specialists and technicians who are needed to fill the responsible technical and scientific posts in the scheme for national reconstruction. The shortage of able technicians is one of the major problems of the country, for every branch of the administration is in need of trained men. Many more doctors\* are needed to improve standards of health and hygiene; men are needed for industry and transport and economists are necessary to help in balanced planning. There is a need for agriculturalists to investigate the problems of changing over to a modern agricultural system. In short, there is no part of the modern state system which is not in need of trained workers. It is essential therefore, that the curriculum of the universities should be related to the needs of the community. The universities, above all, must help to train the leaders of the nation.

The administration of the universities presents many difficulties. One of the most important is concerned with the language of instruction. Bahasa Indonesia as the language of unity naturally takes first place, but this creates problems. Not all lectures can be in Indonesian for there are a number of foreign lecturers who have not yet achieved sufficient command of it. Some lectures are therefore given in English but many of the secondary school pupils coming up to the university have not yet reached a sufficiently high standard in English or other foreign languages to follow the lectures properly. The same difficulties arise over foreign textbooks.

The universities aim in the long run to be staffed entirely by Indonesian lecturers. Young Indonesian graduates are being trained in every branch of the arts and sciences as assistants.

The provision of textbooks presents a problem to the universities. Many of the textbooks are written in a foreign language. The study of Adat law (customary law) for example, is made from Dutch records. The universities are anxious to issue textbooks in the Indonesian language. The actual structure of studies is also to be changed. Present law practice is based on Dutch law procedure, but this is changing to a national law practice and becoming more "Indonesia-centric". The study of economics is also changing to suit the economic system of Indonesia, although naturally the study is made within the framework of world economics. The study of the history and cultures of neighbouring Asiatic countries is also being encouraged.

\* Indonesia at present has only 1 doctor for 55,000 of her population. The ratio for western Europe is 1:1,000; for India 1:7,000 for Burma, Ceylon 1:8,000.—Ed.

The universities are already engaged on research into the problems facing the country and making good their claims to be of importance to the State.

An Institute of Social Studies has been established and work is going ahead on transmigration and urbanisation and the problems which arise. A students' enquiry has been carried out on living conditions and accommodation. An Institute for the study of customary law has been set up and at the Gadjah Mada University, the Institute of Social Research has been established. This Institute is carrying out a survey under the direction of Prof. Djodigono and Prof. Jaspas into the effects of Adat law. It is also making a survey of cultural activities in Central Bali and in North Sumatra. Tape recordings are being made of music in the regions and information is being gathered on handicrafts, the visual arts and dances among the Batak Karo in North Sumatra and the Bali Aga in Central Bali. The field work is being carried out by the students of the University. The Institute hopes to publish monographs on its work in the course of time.

The Gadjah Mada University has also done considerable research into the properties of Boehmeria Nivea and its use as material for clothing. The Faculty of Agriculture has made a comprehensive study of the padi (rice) cultivation and has suggested ways of improving the cultivation of Virginia tobacco. Prof. Dr. Notonagoro has begun a survey of the agricultural system to assist national planning.

The problems of rapid industrialisation are being studied and a seminar sponsored by UNESCO and Gadjah Mada University was held in Djogja from June 25 to June 30, 1956 to discuss the impact of western civilisation on the traditional cultures of Indonesia.

The universities have had to face material difficulties since their inception. The damage done during the revolution has to be made good, indeed many universities have had to start again from scratch. The Gadjah Mada University is still housed in the Palace of the Sultan of Djogjakarta, but progress has been made. The teaching hospital was finished in May, 1955, and the Microbiological laboratory was opened in July, 1955.

Student hostels are still needed, for thousands of students are pouring into the universities from all parts of the country. The University of Indonesia in Djakarta has now two hostels which can accommodate 400 students. A hostel for 300 male students has been built in Djogjakarta. Known as the "Asrama Darma Putra", the hostel was opened in 1954 and in the same year, a hostel for female students, the "Retnaningsin" was opened and houses 100 students. But these are obviously inadequate. In Djakarta, for example, only 8 percent of the students can be housed in hostels; 47 percent are boarded out with families; 39 percent stay with their own parents and 6 percent, mostly married students, have set up their own households.

Costs for students are relatively high. University fees amount to 240 rupiah a year (£8), but with maintenance the students need 6,000 rupiah (£200), for accommodation costs about 350 rupiah a month or £120 a year approximately. When this is compared with the average salary of an official (about 500 rupiah a month) it is obvious that the middle class worker finds it difficult to send his children through university.

The Government offers scholarships and cheaper hostel accommodation, but most students work part time to help to pay their expenses. Students are employed in offices and

as teachers in secondary schools and their labour is sorely needed even though they are not as yet fully trained. Most students attend lectures in the morning and work in the afternoon or evening.

Books are very expensive, as most are imported. Very few students are able to buy their own books and university libraries are not yet large enough to meet the demands. UNESCO, WHO, FOA, the China Medical Board and the World University Service have given a great deal of help by donating books as well as laboratory equipment.

Students Health Centres have been organised in the University cities by student organisations and by the younger members of the medical staff of the teaching hospitals. Students can get free medical treatment and X-Ray examinations. A sanatorium for students suffering from tuberculosis has been set up in Tjisarua and funds are being raised to build a convalescent home for students up in the hill near Djogjakarta at Kaliurang.

Side by side with the State Universities of Gadjah Mada, the University of Indonesia, Erlangga, Hasanudin and the University of Sumatra, there exist a number of private universities. There is the Merdeka University in Bandung, Krisnadwipajana University, the National University in Djakarta, the Christian University in Djakarta, the Pantjasila University in Padang and the Pinasean University in Tondano (Celebes).

Other institutions provide training on a high academic level. These are the Academy of Physical Education in Djogjakarta, the Academy of Plastic Arts in Djogjakarta and in Bandung, the Academy of Foreign Service in Djakarta, the Police Academy in Djakarta, the Academy of Journalism in Djakarta, the Academy of Music in Djogjakarta and the Conservatory of Traditional Music in Solo.

In spite of all the difficulties, higher education in Indonesia is going ahead well and adhering to the aims defined by Prof. Sardjito. He envisages higher education as ensuring that the student has an all round education as a human being, that he is educated morally and that his character is fully developed so that he may be able to serve the community. Prof. Sardjito considers the universities should help in the advancement of science and community life and that they should seek to improve the moral and ethical values held by the community and that they should accept proper responsibility in the nation and the world.

## INDONESIAN EDUCATIONAL STATISTICS

PRIMARY SCHOOLS				
	Schools	Teachers	Pupils	
1940	18,091	40,583	2,021,990	
1956	30,231	143,864	6,908,968	
% increase	67.1	254.5	241.8	
JUNIOR SECONDARY SCHOOLS				
1940	114	884	21,875	
1956	1,655	21,471	430,876	
% increase	1353.5	2267.3	1846.7	
SENIOR SECONDARY SCHOOLS				
1940	27	600	4,362	
1956	268	6,397	68,765	
% increase	892.5	966	1476.7	
UNIVERSITIES AND ACADEMIES				
	Institutions	Lecturers	Students	
1940	5	149	1,693	
1956	40	1,920	23,357	
% increase	700	1188.6	1279.5	



INDONESIA, while slowly absorbing western amenities, is still, in essence, dominated by an unspoiled, rural atmosphere in the shadow of the remnants of a glorious cultural heritage. Djokjakarta, with the splendid palace of its Sultans (top left) and its peaceful main street (above) is perhaps more typical of the real Indonesia than Djakarta's sprawling activity. Though even here "old Batavia", with its old Dutch bridge (top) conveys a romantic reminiscence of the past.

But the true, even pulse of Indonesian life can best be seen in country markets like the one on Bali island depicted here (left), in quiet Javanese streets where beautifully decorated bullock carts rumble slowly along (right page), on shady verandahs of Djokja's skilful batik makers (bottom left) and in the friendly hustle of towns like Bandung. The picture (bottom right) shows a busy Bandung street in front of the "Merdeka" Building, seat of the Bandung Conference and now of Indonesia's Constituent Assembly.

The most outstanding of Indonesia's historic monuments of art, is Borobudur (centre).





*This enormous Buddhist temple stands in Central Java on a plateau overlooking green fields, jungles and volcanoes. It is a stupa of magnificent architectural conception and combines in its decorative elements both Hindu and local Indonesian artistic traditions. Its superb wall reliefs (top and bottom) depict the life of Buddha.*

*(Pictures by H. C. Taussig)*



# FROM ALL QUARTERS



President Sukarno of Indonesia is shown here in informal discussion with Premier Chu En-lai of China during his stay in that country last autumn. This visit was of the most far-reaching consequence for Indonesia, as the success of China's reconstruction convinced President Sukarno that the political pattern of his country had to be revised to achieve political and economic stability in his country (Picture by H. C. Taussig)

## Chinese Art in Israel

A travelling exhibition organised by Unesco entitled "2,000 Years of Chinese Art" toured various parts of Israel recently. It is estimated that about 53,000 people visited the exhibition. It consisted of a collection of reproductions illustrating the more important stages in the development of Chinese art over the past 2,000 years.

At a small rural settlement in the valley of Jezreel, in the north of the country, the exhibition excited particular interest because the local museum possesses a permanent collection of Chinese art.

## Russian-Hindi Dictionary

A group of Hindu experts in Leningrad have completed the first ever Russian-Hindi dictionary. It comprises more than 30,000 words.

## Family Planning in Japan

The Japanese Government is to provide 72 million yen (about £72,000) in the present fiscal year for family planning. Local governments will provide more money and it is estimated that a total of 180 million yen (£180,000) will eventually be spent in Japan for this purpose. In the five years since family planning became a part of Japan's national policy its effective implementation is said to be about 35 percent, and the upward trend of induced abortion seems gradually to be slowing down.

## British Statues in India

The Indian Government intends progressively to remove statues of the British period in India. It will be done in a way that will not create bad feeling. In giving this news to the Indian Parliament Mr. Nehru said the statues fall into three categories, the historic, the artistic, and the frankly offensive. Some had already been taken down, and those of historic or artistic value would be placed in museums; as to the rest, Mr. Nehru said, anybody was welcome to them.

## Ancient Church in India

Some ruins that have been unearthed at Nilackal, in central Travancore, South India, are thought to be of a 1,900 year old church, one of seven built by the Apostle St. Thomas in Malabar. The discovery was made during work on a river valley project in a tropical forest area. Ruins of walls suggest that the ancient church was 80 feet long and 30 feet wide.

## U.S. Missile unit in Formosa

A United States air force unit equipped with tactical missiles will be stationed in Formosa with the object, according to an official Taipeh report, to further strengthen defences on the island and in the western Pacific. The action was being taken under the 1954 mutual defence treaty between the two countries.

## Uranium for Japan

The United States and Japan have agreed on terms of a second lease of contained U235 for use in research reactors. The agreement is for four kilogrammes of contained U235 enriched to 20 percent for use in a CP-5 type Japanese reactor.

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## Recent Books

### CHANGING CONDITIONS

**Western Enterprise in Indonesia and Malaya** by G. C. ALLEN and AUDREY G. DONNITHORNE (*George Allen and Unwin, 25s.*)

If ever the concept of colonialism needed an apology, this book provides it. This brilliant survey shows vividly the material and moral advantages that both Indonesia and Malaya have received from the direct rule of the West. The enormous strides made by these countries are due to the two great factors that always followed western rule: law and order on the one hand and business and political organisation on the other. Once we agree that one of the functions of government is to obtain a high standard of life for the people, the western way of life must be adopted. If we think that life is better if it is spent sunning ourselves under a palm tree or in dying in swamp or jungle, then, of course . . . The progress made by the West is not due to any innate superiority of the white races as such. It is attributable simply to their skill in coordinating the various factors of production in such a way as to use them to the best advantage in any given situation. These skills cannot

come to fruition except in the right atmosphere of law and order, and we see them unfold in the hands of the many organisations mentioned by name in this book. These merchants and agency houses, plantation firms, mining concerns, oil companies, shipping lines, and banks represent the investment of vast capital sums, an immense fund of experience and technical skill that were far beyond the unaided means of either country. We should not leave out of account the well-known Chinese enterprises that took part in the development of these areas, but they did so in the western environment. Conditions in their native China, where the potential is even greater, were not and still are not conducive to entrepreneurial drive.

In an undeveloped area capital accumulation is a long and painful process. There is little enterprising skill and no managerial experience. The colonisers provided both and they also gave some training to Indonesians and Malaysians, particularly the latter. How far this training has gone it is difficult to say: a managerial class does not rise in a day. Corruption is rampant in the East, and the outlook for a long stable period of prosperity is not encouraging in either country.

The survey covers the period between the early decades of the nineteenth century to the mid-1950s. After a brief sketch of the beginnings of Western relations with this area, the authors describe the impact of western methods on the native economy. A study is made, in detail that increases as we approach our day, of each of the big industries. We see with what skill the Europeans adapted themselves to the existing economic structure, and created the conditions required for development, for instance by modifying wherever necessary the village organisation (such as by changes in land tenure) so that cultivation and marketing could be carried on more efficiently. The story is traced from the monopoly of trading companies to a private enterprise restricted to protect the original inhabitants. We see here the evolution of the British ideal of "empire in trust" to the Dutch "ethical" policy, neither of which is without its blemishes. In Indonesia this involved the direct participation of the government in agricultural, forestal, and mining enterprises. In Malaya, there was no direct government enterprise on these lines, except in railways and ports, but it exercised considerable influence by legislation designed to encourage the smallholder (e.g. by granting him finance) and the institution of a health service, especially against malaria. In both countries, but specially in Malaya, many measures have been taken since the Second World War for the promotion of social welfare and the diversification of the economy.

Not least of western gifts to both areas was the establishment of an efficient administration, not only at the

<sup>1</sup> US\$2,000 million in Indonesia and US\$560 million in Malaya in 1930.

## ALFRED METRAUX Easter Island

*A Stone-age Civilisation of the Pacific*

"Without exaggeration this book can be called absolutely indispensable for anybody who wishes to discuss the problems of Easter Island; for the merely curious it is entertaining and enlightening."—Geoffrey Gorst, *The Observer*. "Clear and persuasive."—Jacquetta Hawkes, *The Sunday Times*. Doctor Métraux, a distinguished French anthropologist, describes the island's past, real and legendary, and its present. Illus. 21/-

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centre but (much more difficult as Indonesia has found out) the outlying regions. An efficient and incorruptible civil service and law and order are the pre-requisites necessary to attract the capital that all underdeveloped areas require.

Incredible folly can be perpetrated in the name of nationalism. The authors of this work point out that in both countries Western enterprise is being confronted with a situation wholly different from that in which it arose, and although it has shown a readiness to accommodate itself to the changes, the question remains whether the new order offers attractions sufficient to induce it to play any substantial part in future development. The doubts expressed in this book are unhappily but too well founded. In recent months in Malaya there have been extensive transfers of investment to other parts of the sterling area, resulting in a net withdrawal in bank deposits in spite of a lending policy that should have increased deposits. This flight of capital must be attributed to loss of confidence as the date for independence approaches. Moreover, imports have been increasing much more rapidly than exports: this is a reflection of the increasing inflationary pressures that have been felt in Malaya over the last two or three years.

As for Indonesia, the situation is much worse. Not only do Western firms and investors subject to discrimination in favour of Indonesian nationals, but the rich outer provinces do not accept Javanese-led nationalism, with the consequent economic and political upheaval.

In both cases these are long-term difficulties, not to be dissipated by any sleight of hand: any true and enlightened patriot of either country cannot but feel that a new appraisal—however agonising—of the economic situation is urgently called for. This book is commended to the assiduous study of the new rulers.

And what are the Europeans to think of Schumpeter's view that the Asian rejection of European economic leadership appears to have coincided with the decline in the capacity of the former donors to supply it? International organisations can do no more than provide capital and perhaps the skill: they cannot supply the political climate. If Western enterprise is in retreat, it has little to be ashamed of.

L. DELGADO

**The People Win Through**, a play by U NU. With a long biographical introduction by Edward Hunter (Taplinger Publishing Co., New York, \$3.75)

This play, *Ludu Aung Than* in Burmese, has been widely performed in Burma, it has been filmed and has been presented in translation in California. Written avowedly as political propaganda it consists of a series of vignettes of life in Burma under the civil war from 1948 to 1950. In Burmese, the dialogue shows U Nu's characteristic power over words, his ability to pile up word pictures, to drive home an idea by a cumulative pattern of words. In this limp English translation, all the vigour of the original is lost: the dialogue is both turgid and banal. The artistry having been lost, the propaganda remains, and purely as a play this work makes no impact. As a "documentary" of life and manners in Burma during the worst days of the civil war, however, it has a good deal to teach the student of Burma. The biographical-historical introduction is an odd mixture of shrewd analysis and crude misstatement.

HUGH TINKER

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## Picture of Japan by COLIN SIMPSON (Angus & Robertson, 21s.)

This book seems to be the product of two short trips to Japan, a brief visit in the autumn and an even briefer one in the following spring. The author spent the whole of his time, except for one flying visit and a single night at Fukuoka, on Honshu; no Hokkaido and no Shikoku. His knowledge of Honshu is confined to the usual tourist round—Tokyo, Kyoto and Nara, then Nikko, Hakone, Fuji of course, Tenri, Itsukushima, Hiroshima and so on. Most of the nights were spent in western beds, though there is the usual eulogy of the tatami based on the odd night in a Japanese hotel (for which Mr. Simpson seems to have been charged exorbitantly).

All in all, then, if Mr. Simpson's picture is to show us much that is new, his powers of observation and his intuition since he does not speak Japanese—have a great deal of leeway to make up. Here and there, there are some sharp observations—Japanese eyes never look baggy, for example. But this picture is by no means a general view; there is the city in the foreground, the resort in the background, and precious little about the farmer beyond the passing reference to the countryman as seen from the window of a first class, air-conditioned special express.

Mr. Simpson seems to be hard driven to write his quota; the last fifth of the book, which includes a twenty-page Philippine interlude, is a jumble of ill-assorted odds and ends. There are howlers in plenty—*daibatsu* for *daibutsu*, for example, three times on one page—many of which might have been eradicated by a consultation of the index of the

Japan Travel Bureau guide book, which the author so rightly praises.

This is not, then, the vitally important, myth-shattering book of the dust jacket claims; but it is, nevertheless, an eminently readable and sympathetic account (and the author, as a Japanese POW, had good reason to be far less attracted by his subject than he obviously is) which will provide considerable enjoyment. The photographs, especially the colour plates, are superb.

G.B.

**Pioneer Peasant Colonization in Ceylon.** A study in Asian agrarian problems by B. H. FARMER (*Oxford University Press, 55s.*)

The author of this book, a Fellow of St. John's College, Cambridge, is a geographer whose extensive knowledge of the problems about which he writes has recently led to his being appointed a member of the new Land Commission of Ceylon. However, as he makes clear in his preface, the present book was completed before his work as a Commissioner began, and the subject with which it deals, i.e. colonization in the Dry Zone, is by no means identical with that investigated by the Land Commission whose report is still to be published.

By any standards Mr. Farmer's book is an outstanding contribution to the rapidly accumulating body of literature dealing with the problems of so-called underdeveloped territories. By virtue of his geographical training Mr. Farmer possesses two assets which are all too rare among students of such problems, namely, an intimate knowledge of land, its use and misuse. He has a sense of perspective which makes him chary of accepting any of the fashionable panaceas—collectivization, mechanization, or cooperative farming, to name but a few—as complete answers to the problem. He is, in fact, an avowed empiricist, well aware of the need to reconcile economic measures aimed at increasing food production and raising living standards, with the traditional peasant attitudes and values, and contemporary political demands, voiced as often as not by urban Asian leaders with no more knowledge of local farming conditions than that possessed by the ordinary Western city-dweller.

Against this background Mr. Farmer's sober assessment of the Dry Zone's potentialities is all the more convincing, and while he rightly discounts both the more exaggerated claims of the region's agricultural achievements in medieval times and the unduly optimistic accounts of what can be expected from it today, he is by no means despondent over the prospects of substantial further development and offers a wealth of constructive criticism and advice as to the methods by which this might be achieved.

In short, this book is a "must" for all students of Ceylon's economic problems and, in view of the much wider relevance of the principles which it discusses, is also of the utmost value to all who are concerned with similar matters in other tropical lands.

CHARLES FISHER

**A Multiple Exchange Rate System** by SHU-CHIN YANG (*The University of Wisconsin Press, Madison, \$3*)

A multiple exchange rate system is one in which various groups of goods are subject to different exchange rates according to the demand or importance of each list of commodities. It amounts to differential devaluation, and is

adopted by those countries whose economic system is not adjusted.

This study deals particularly with the experiences of Thailand during 1946-55, but it is equally applicable to many of the many countries that practice the system. In the case of Thailand, this maladjustment was due to the wholesale smuggling (into Malaya) of the country's main asset, rubber, the government being thereby robbed of foreign currency vital to its economy.

Quantitative restrictions might have redressed the balance of trade, but were out of the question because of inadequate and venal staff could not cope with the smuggling and consequent black market operations.

The author makes out a case for exchange restrictions as an emergency measure, but there are so many implications on the pattern of trade, on the distribution of income on price-levels, on the uses of exchange profits, and so on, that the remedy perpetuates the disease. It was in an effort to correct these evils that the Bretton Woods agreement aimed at expanding trade, specifically set itself against exchange restrictions.

The book suffers from the absence of an index.

**Samuel Shephard of Cairo** by MICHAEL BIRD (*Michael Joseph, 18s.*)

Shephard's Hotel in Cairo was for many years the meeting place for those travelling to and from India by the overland route, even after the building of the Suez Canal it retained its fame until it was destroyed in 1952.

This book by Shephard's great-grandson is told mainly in the form of letters written to his friends and relatives or to his wife Mary, when she was forced for health's sake to return to England with their children. It is a portrait of the founder who from the middle of the 1840s until 1860 was in control of the hotel.

The letters are written in a flowing style, full of gossip and general news; they are extremely entertaining and of considerable importance as they give an insight into the difficulties experienced by those travelling to India in the mid-nineteenth century and of the contemporary Cairo.

E.M.B.

**Exploring the Deep Pacific** by HELEN RAITT (*Stapledon Press, 18s.*)

In these days of rapid communications the world, we are constantly being told, tends to shrink. Men's minds readily encompass it, and only in the contemplation of space can they now find their "vast expanses." But the oceanographer cannot so easily escape the hard fact that his subject is big, especially when he concerns himself with the misnamed Pacific.

Less than 200 years ago most of the islands that dot the surface of this great ocean had not been seen by a European. To-day they are all on charts. But the land beneath the waters is still largely unknown. There are many areas of tens of thousands of square miles without a single sounding.

As Roger Revelle, of the Scripps Institution of Oceanography, University of California, points out in an entertaining foreword to Mrs. Raitt's book, one can hardly go out over the deep Pacific in a modern oceanographic ship without discovering several previously unknown submerged mountain peaks, and sometimes even a mountain range.

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Mrs. Raitt herself pretends to no scientific knowledge. She is concerned with the oceanographers and their doings rather than with the ocean. But on her long trip with an American research vessel, in which her husband was scientifically engaged, she saw and heard many interesting things which she describes or recounts with sympathy and zest. And although she tends to over-dramatise, especially when there are sharks about, she never bores.

J. FINBAR GRACE

## Conflict in Indo-China and International Repressions: A Documentary History, 1945-55.

Edited by ALLAN B. COLE (Cornell University Press. London: Oxford UP, 40s.)

The "daily newspaper reports from that anxious country" to which the introduction of this book refers have subsided since these documents were compiled. The situation has changed a good deal since President Ngo Dinh Diem established his regime in the south and the Viet Minh in the north shelved their hopes of elections under the Geneva Agreement. But this collection of documents does not lose its value merely because it has lost its urgency. It begins with French policies after the war and similar statements put out from the self-proclaimed Democratic Republic of Ho Chi Minh in Hanoi and declarations made in the United States at the same time. It includes such interesting documents as the, presumably captured, instructions to Chinese "volunteers" issued in December, 1952.

The documents are divided into five phases: 1945-47 when hostilities broke out; 1947-49 when Bao Dai was

produced as an alternative solution; 1950-52 with China coming on the scene; 1953-54 and the Geneva settlement and a final phase up to 1955. The collection shows clearly that what became a focus of the cold war and for a moment Mr. Dulles's most dangerous brink began as nothing of the kind and might have been averted with sensible French policies in the early stages. It is not only in Indo-China that conflict between a French Government and its representatives on the spot has resulted in policies that were neither one thing nor the other developing into desperate and wasteful struggle.

R.H.

## Contemporary China, Vol. 1, 1955. Edited by E. STUART KIRBY (Hong Kong University Press. London: Oxford UP, 30s.)

This is the first of a series of publications from Hong Kong University's research seminar on problems of contemporary China. There are thirteen essays and a good sense of perspective is given in the first by J. J. Nolde on Chinese-Russian relations since the seventeenth century. More rubbish has been written about Sino-Soviet relations by people ignorant of the extent of such relations and who think wholly in Communist terms than on most other aspects of China today.

The collection includes some useful argument over China's population with the weight in favour of optimism—more so now that birth control has been adopted as official policy. An essay on the Marriage Law seems concerned to attack it both from progressive and conservative standpoints simultaneously. It is hardly fair to say that its "avowed

objective is the abolition of the existing marriage system and family organisation" unless one is defending the old system which surely cannot be defended from the standpoint of even the most avid anti-Communist. It is necessarily muddled, as China has been in its social outlook for some decades past.

There are useful essays on economic policy and on Communist terminology. There are also included texts of the new Constitution and the Organic Law (can no better English term be found for *tsu-chih fa?*) of the State Council. In his introduction Professor Kirby pleads indulgence and a promise of improvement in future issues. Another volume should soon be appearing.

R.H.

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## SHORTER NOTES

The two volumes (Nos. 10 and 11) which form the 50th Anniversary issue of the Institute for Oriental Culture of Tokyo University are very representative of the wide approach of the new generation of Japanese orientalists to the term "oriental studies". Not many years ago, the world were a mere cloak for things Chinese; the cream of school-boy brains was poured into the churns of the university Chinese departments in much the same way as ours was nearly always destined for Greats.

The bias is still there—just. Volume One of these memoirs contains ten articles; eight of them concern China, from the third century up to the Sino-Japanese War, and Japan and South-east Asia scrape in at the end. But Volume Two ranges from the early Delhi Sultanate, through Burma, North-eastern Siberia, to Japanese religious organisation of the late nineteenth century, and literature of the early twentieth.

We have received the seventh report on Rice from the FAO. It gives the position to the end of November, 1956, so far as information is available: excellent though it is, it suffers inevitably from the exclusion of statistics from the world's greatest rice producer—mainland China, that country not being a member of the Organisation.

## Letters to the Editor

### AMERICA AND INDIA

Sir.—May I add my voice to the thoughts expressed by Mr. Sully, my near neighbour in Baltimore, in your April 1957 EASTERN WORLD. I would make two observations:

(a) The US foreign policy is being made at a time when democracy, independence, self-determination, nationalism, violent communism, moderate communism socialism and dying imperialism are each and all clamouring for a place in our world. What a world! Whatever policy we might make will surely not please everyone. It would be folly to try to satisfy all. Our leaders, human as they are, seek diligently, I believe, for a policy that will extend and preserve the eternal values of government in human society. To say that the foreign policy of the US is to primarily safeguard our interests in the midst of the above, is a very inaccurate use of the word "primarily." Of course the interests of the United States should be protected. Where is there anyone, man or nation, who will build a road into an unknown forest where trees of unknown grandeur are, where undergrowth with wicked poison is ready to delay the builder and even destroy him and who will not protect the road from misuse, from being des-

troyed by rain storm and opposition? Where is there such a one? Of course he has interests in that road. Those who may in time live along that road will likewise have interest in it for their own betterment and the builder will be glad that others want to use it, and that they profit by it. The foreign policy of the United States is building no Speedway, no non-accessible highway to happy and prosperous government. It is accessible. Our country is great; we cannot avoid being great. We must build highways across the world to share with others less fortunate, all that has made us great, or we stand in imminent danger of losing our own soul. This building, we must do, we will do, God being our helper.

(b) India is undoubtedly destined to be the great nation of Asia. (It is very difficult for me to omit Pakistan in saying this, for they should be one.) I have felt for years since the formation of the Commonwealth, since the peak of the Mahatma Gandhi era, that India should have been encouraged to take the unchallenged leadership in Asia. The West, all of us, should have said to India and all of her great leaders, "Asia has moved into a new era and is now passing out of the era of colonialism: Asia needs a leadership that is unsullied, that is born and bred in Asia. Japan tried to take such leadership but

upon an entirely hopeless and wrong foundation. Japan's leadership was another form of colonialism definitely more selfish than any other. Such will never satisfy But, India, you have the inherent qualities of leadership that will survive — the qualities of non-violence, of religious enthusiasm, of humility, of patience, of endurance. You should lead, at this hour. We (the West) will follow. You must not leave us out, you must not shut us out: we have interest resulting from a long period of colonialism. We can help you carry out this leadership. The mantle falls on you, India. We can assist you, we will assist you to build a great Asia: we will assist you in preserving and continuing all the great and imperishable elements of good government. We ask only that the "Open Door" be left for us to carry on normal trade, to share in education of your people, giving them the opportunity of accepting the elements of knowledge that have made us great, in culture, in religion in science, in government.

To state the above is to state that I am pro-India, and that I definitely am, when it comes to Asian leadership for the years ahead in this world of ours. Finally, India should know that such leadership is a tremendous responsibility, fraught with rebuffs, criticism, and outright enmity. But to accomplish such will reap glorious reward.

Yours etc.,

PRESTON L. PEACH

Arlington, Va., USA.

# WOMEN OF BURMA

By E. R. Yarham

WOMEN in Burma, as contrasted with some Eastern nations, have played an important role in the history of their country. They have always enjoyed a great deal of freedom in a democratic structure and have always had equal status with men. Burma is a country where women are fortunate in having considerable independence. When a girl is born she is welcomed into the world equally with a boy with all the customary Burmese ceremonies, and during her life-time she has to undergo such ceremonies as head washing, naming, ear boring and marriage. These are the common ones nowadays; formerly there were many more.

The first notable occasion is the head washing. The date for this is fixed in consultation with astrologers. Some kind of charitable act is performed according to Buddhist belief. As a rule monks are invited and given a feast of Burmese delicacies. Then some learned people perform the rites. Some propitious speech is delivered before the audience of friends and relatives who have been invited. At the same auspicious moment the baby's name is announced. Burmese children do not carry a family name. Each child is given an individual name. Before it is chosen the parents always consult the astrologers or scholars as to which name is the most suitable and proper one. The choice is made according to the astrological signs present in the sky at the time the child was born. It is a belief that the chosen name should be in agreement with the date and time of the birth. For example, a Monday born baby's name can be chosen from the words beginning with letters whose equivalent sounds in English are: k, kha, ga, gah, and nga. Similarly other days have their respective choice of letters. Sometimes a name may be given because it suits the disposition of the child. For example, "Ma Pyone" means "Miss Smile," and "Ma Yee Yee" is Miss Laughter." The prefix "Ma" means "Miss" and is always used as a mode of address.

There has never been any objection to the education of women in Burma. There are more women literates there than in any other Asian country, although compulsory education was not introduced until 1947. A girl can go either to a lay school or to a monastic school. Many of the schools are coeducational. There have been women of literary distinction in Burmese history, and there is no doubt that their contributions have made Burmese literature richer. The poetic works of two, Princess Hlaing Hteik Khaung Lin and Queen Ma Esale are still remembered. Another outstanding woman was Princess Thaupeyin, whose scholarship was such that she even taught monks in religious literature. In modern Burma more women than ever before have undertaken higher educational studies. Some have pursued both business administration and professional training. Since the early twenties some have gone abroad for further studies.

Burmese women have a good business reputation. Most of them go into the retail business. Many women can be seen running bazaars. They also own and run shops selling grocery and silk and cotton materials. Women brokers are found in big business concerns dealing in rice, teak and jewellery. With their winsome grace and charming manners as well as underlying seriousness of purpose, they are very

successful. Among the professions, teaching attracts more women than any other. There are also women physicians, lawyers, and nurses. Burmese nurses played an important part during the last war both in Burma and other theatres of war in the Far East.

Women have always been an influential factor in Burmese politics. As early as the 13th century, Queen Saw had much power behind the throne, and Queen Shin Saw Bu reigned over the whole of Lower Burma single-handed, a remarkable feat for the Orient. Women have equal rights and privileges with men in the franchise. All women who can read and write and who attain the age of 20 can vote and stand for election. They had the vote before it was given to women in Britain. There has never been a feminist movement in Burma because women do not consider their interests distinct from those of men. Burmese women are noted for their charm and grace, but they are equally capable of hard work. Most of the village women do the work of transplantation of rice plants from the nurseries into the fields, standing knee-deep in water. When the crop is ripe they reap the harvest. They also lend a hand with the threshing and winnowing. Despite their small size they are strong enough to carry heavy loads. Women do their share of the work ungrudgingly. Because they are on equal footing with men they cheerfully accept hard tasks.

There is a Burmese saying, "Men are beautiful when they are learned; four-legged animals when they are fat; monks when they are lean; and women when they are married." To see that their sons and daughters are happily married is one of the five duties of parents towards their children. There is another saying that daughters should be seen properly settled before they pass their prime of youth. Although Burmese women enjoy considerable freedom, they are modest and virtuous. Marriages are usually arranged by the parents. Often a couple will marry without having talked to each other. If a woman makes her own choice, she will first seek the consent of her parents. The boy's parents have to ask for the girl's hand on his behalf. Then there will be an exchange of horoscopes. Astrologers are consulted as to whether the pair will get along well together. If the answer

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is favourable the happy day is fixed. The tradition is for the bridegroom to stand most of the expenses. In fact money is sometimes paid to the parents of the bride at the time the marriage is arranged. The ceremony is non-religious. Nevertheless, Buddhists usually do some charitable deed on such memorable occasions. Monks are invited and given a part. Marriage is not a legal contract although there are legal implications. The actual ceremony is a social affair. After her marriage a Burmese woman retains her maiden name. The word "Daw" is used in front of it instead of "Ma". "Daw" means "Aunt," and is used as a sign of respect and in recognition of the fact that she is now a woman. She has to wear neither an engagement ring nor a wedding ring. There is no marked change in her coiffure nor in costume to indicate that she has been married.

Thus she retains her individuality and remains on the same footing as her husband. There is no question as to who wears the trousers in a Burmese home. In theory the husband is lord and master of the house, but a woman, by coaxing, wheedling and flattery and perhaps by tears, can win her own way! A Burmese husband always consults his wife in all that affects his business and social life. As regards property ownership, the woman can have her own, and also share half of the jointly accrued wealth. Even if the husband and wife do not agree they seldom separate. Although most marriages are arranged, there are very few cases of divorce. Elders always counsel against it and in most cases a compromise is reached. There is widespread respect among the young for the older people, and usually a bowing to their wider knowledge and experience. A couple will seldom refuse their advice. If there is a divorce the property is

divided into equal portions, but it is not unknown for the wife to receive a major share. Wills are not made in Burma and so a wife cannot be cut off at the pleasure of the husband. She is the sole heir to the estate and property.

The status of a single woman is in no way inferior to that of a married one. She stays with the parents as long as they live. After the death of her parents she either lives alone or with relatives. She is respected and given a place in the family. Therefore both married and single women enjoy the same freedom and equal rights and privileges.

Burmese dress is attractive. Little girls wear a kind of frock which is very convenient. But the true typical Burmese dress is a kind of two-piece affair. The jacket, called "eingyi" in Burmese, is a kind of short waist with long sleeves. The other piece is a circular skirt. The width of the material is about 38 inches and it requires one and three-quarter yards of material. The two ends are simply joined together and it is wrapped round the waist. It is a very practical dress. The buttons are somewhat like loops which can be unfastened and fixed on to another very quickly. As for the skirt, there is no question of lengthening or shortening, narrowing or widening it. Even if a woman gains or loses a few pounds she does not have to worry in the least, because she can still wrap it round her waist. As for hair style, little girls either make a knot of their hair or adopt a western style. But once they reach adolescence they put their hair up, and with the aid of a few switches and combs, they have their hair done up in a style which is fascinating and has no equal in any other part of the world. It appears somewhat like a high hat adorned very often by some fragrant flowers.

## Economics and Trade

### JAPAN: REPARATIONS AND TRADE

*By our Special Correspondent in Tokyo*

**A**FTER the defeat in the war the problem of reparations inevitably reared its ugly head before the prostrate economy of Japan. Japan was bankrupt, its industry a shambles and since she was obviously not even in a position to feed herself, there was no hope whatever then for any of the Allied nations to collect reparations. With the problems of feeding the people and rehabilitating the devastated country paramount, the Occupation Authorities quite correctly put off any discussions of reparations to the future. This was rather unpopular with certain of the claimants but the major Allies, the USA, UK and Commonwealth, China, the Netherlands, France and India, in a most unusual spirit of friendliness towards a defeated enemy all waived their claims for reparations. Never before in history has an enemy nation been so favoured and Japan should be eternally grateful to the Western democracies.

However, other countries insisted on pressing their claims, and as Japan's economy improved under the Occupation, its industry recovered, and trade revived, the prospect of collection reparations became brighter. Particularly since 1950 Japan has enjoyed remarkable prosperity and; presuming that no drastic depression occurs, it seems obvious that she has now, and will have in the future, the ability to pay. The problem in each case was the usual one—how much?

Among the claimants, the Philippines made the largest demands, but for years of discussion they and Japan were far apart. Originally the Philippines asked for reparations amounting to one billion dollars, which the Japanese considered exorbitant, their first idea being \$400 million. Ultimately, in May 1956, after long negotiations the present formula and agreement was arrived at.

This settlement was influenced to some extent by the successful conclusion of the reparations agreement with Burma during the Yoshida Cabinet (1954) signed in 1955, which developed the principle of reparations through economic cooperation, an approach that was logical, practical and farsighted.

The present agreements, therefore, envisage reparations to be paid to the Philippines amounting to \$800,000,000, in goods, services and loans over 20 years and to Burma \$250,000,000, in goods, and services over 10 years.

Indonesia has continued to claim the same level of reparations as the Philippines, but Japan's attitude is that the Burma level is a more reasonable one. There is also another factor involved which has obstructed a settlement with Indonesia. During the years 1950-1956 Japan over-exported to Indonesia to the extent of about \$177,000,000. This was supposed to be paid or offset by Indonesian exports to Japan under the trade agreement open account.

Indonesia has not fulfilled its obligation under the agreement, and has continually refused to pay the outstanding credit. Japan will undoubtedly be willing to include a certain amount of this unpaid credit as part of a reparation settlement, but Indonesia, thus far, has not agreed to this. Consequently at this moment the two governments remain far apart in their ideas, and furthermore, the political unrest in Indonesia has caused a temporary breakdown of negotiations.

In respect to the claims of Viet Nam, the Japanese in 1953 agreed to an interim settlement of \$2,250,000 under which the Japanese would salvage and raise certain sunken ships. The Japanese considered that this would constitute the major part of any claim, but since then, Viet Nam has decided that she can do the salvage cheaper and has not ratified the agreement and has asked for about 100 times the amount, i.e. \$200,000,000, or almost the same as Burma. The Japanese Government then proposed the reparation of \$20,000,000 i.e. \$8 million in cash and \$12 million in the form of economic cooperation, but Viet Nam rejected this and, the two countries being so far apart, the talks have come to an impasse.

Having briefly outlined the extent of the reparations agreements the problems of the effect upon Japan's economy and the economy of the various countries arise.

Presuming that the Indonesian claim can be settled at the same level as Burma, Japan is faced with a cost of over \$1,300 million during the term of the agreements. It is, therefore, evident that the reparations will be quite a burden on Japan's national economy. However, since the agreements have been concluded as international obligations and since their execution contemplates a period of from ten to twenty years, it seems necessary to consider the matter from the long-term standpoint, the effect upon Japan's future economy, her relations with the nations concerned and also her position in South-East Asia. In order to estimate the actual effect of the reparations, the present economic condition of the nations concerned and their trade relations with Japan should be briefly explained.

A study of the net national product of the main countries in South-East Asia indicates that the Philippines is the only country in South-East Asia, excluding Japan, whose net national product exceeds 100 dollars per person per annum. Furthermore, the statistics show that, except for India, the percentage of agricultural, forestry and fisheries industries exceeds 40% of the national product, which demonstrates that most of the countries are still in an industrially retarded condition. It is, therefore, apparent that Japan is the only advanced industrial country in the area. This is the most important factor affecting the type of reparations settlements. (Furthermore, Japan's economy

developed extraordinarily during the years 1955 and 1956, whereas the national economy of most of the countries in South-East Asia stagnated).

Trade relations between Japan and South-East Asian countries are briefly as follows. Japan's export in 1955 to South-East Asia represented 34.7 percent of her total exports, and is over twice the 16.2 percent of the pre-war days (1938). On the other hand, Japan's imports from the same area were 29.1 percent, a much higher level than the pre-war 16.2 percent. (Both exports and imports represented 16.2 percent before the war). Thus the percentage of Japan's trade in South-East Asia has obviously increased considerably. (Receipts and payments are nearly balanced, export being 697.5 million dollars and import 720 million dollars). It, therefore, seems to be the trend that while this area will increase in its importance to Japan as a market for capital goods, it will also become necessary to increase Japan's imports from the area. Furthermore, South-East Asia, excluding Japan, imports about 3,500 million dollars from areas other than South-East Asia (the total import of the area is 5,637 million dollars, of which 62.2 percent comes from areas other than South-East Asia).

In general, the economic level of the South-East Asian countries is low, but it seems natural that there will be gradual development and this should affect Japan favourably. Therefore Japan should not consider the problems of reparations from the short term point of view, but she should look to the long term effects of the economic development of the area and the expansion thereby of Japan's economy.

Burma's economy is based on agricultural products, particularly rice, and has not experienced much development for some years. However, in August 1952, an 8-year plan for the development of industry was started. The total amount of investment was put at 7.5 billion Kyat (Public funds 5.5 billion Kyat, private funds 2 billion Kyat) and it aimed to raise the national income from 201 Kyat (1950-51) to 340 Kyat (1956-60) per person. This aim was not realized and the actual investment up to September 1955 was only 2.3 billion Kyat, but total domestic output had increased by 30 percent. However, in view of Burma's unfavourable foreign exchange position since 1953, it has proven difficult to carry out the plan, and Burma has substituted a more realistic 4-year plan stressing agricultural development.

Burma's foreign trade statistics show that exports to South-East Asia are around 75 percent to 85 percent of her total export, while her imports from the same area are about 50 percent to 60 percent. The fact that the exports of Burma, an independent nation within the sterling area, usually exceed her imports in her trade balance with the sterling areas, indicates her difficulty in becoming economically independent from the UK. Export is limited mainly to rice, and her international balance is, therefore, greatly influenced by the change in the amount of export and the price of rice. Textile goods have always occupied a large part of her import items, but the import of base metals and products, machinery and transportation equipment has increased rapidly along with the progress of the economic plan.

Burma's export to Japan is again influenced by the price and amount of exports of rice. Japan has agreed to buy 100 thousand tons of rice from Burma this year and unless Japan has an extraordinarily poor crop in the future, she will buy only about 150 thousand tons per year. Thus,

Burma's total export to Japan will be at the level of 70 million pounds, considering the f.o.b. cost of rice to be about 6 million pounds, and adding the rest of her exports on the basis of the actual results of 1956.

On the other hand, Japan's export to Burma, according to the foreign exchange statistics for 1956, amounted to 90 million pounds. Exports of metals and secondary metal products have decreased considerably due to their inclusion as reparations, and it seems unavoidable that machinery will also be supplied through reparations.

It will be noticed here that the attitude of the Japanese government is that reparations are not trade; that goods supplied under reparations agreements are not items of foreign trade and should not be considered in the trade balances. This attitude has considerable justification, but one should also keep in mind the fact that the demand for these goods affects the internal economy favourably, stimulates industry and provides for potential future export sales. (For instance, when the Philippines asked for GI sheets, their order served to firm up the price for exports of this product to other areas).

It should also be remembered that the volume of export under reparations for the first year represents only about \$45 million, which is not a very important percentage of the total of \$2,500 million per year.

The economic development plan of the Philippines after the war proved successful because of America's financial aid (43 percent of the necessary fund—976 million pesos) and a new 5-year plan was begun in July 1954. The characteristics of this new plan are: (a) that it stresses the development of industry, centered on the development of electric power sources; (b) that it estimates a 10 percent increase of national income per year; (c) that the total amount of investment (410 million pesos) is \$19 per person per year, much more than that of the development plans of other under-developed countries; (d) that private capital and foreign capital are to provide 50 percent or more of the total investment.

The fact that is most noteworthy in the Philippine trade account is that imports constantly exceed exports by a large quantity (\$156 million in 1955). This gap has in the past been filled mainly by American government expenditures, but as of June 1956 the Philippines holds only \$235 million of foreign exchange. The next conspicuous point is that both her imports and exports depend highly upon the United States. Although her exports to the US decreased from 69.2 percent in 1951 to 60.2 percent in 1955, and her imports from 71.5 percent in 1951 to 65.0 percent in 1955, it is worth noting that her dependence on the US for imports is very high, both in its absolute amount and in weight. It is significant that the revision of the Bell Act in September 1955, carried out from January 1956, had a direct relationship to these reductions. That is, the rate of tariff to ordinary duty was reduced to 25 percent in 1956, and is to be 50 percent in 1959, 75 percent in 1962 and 90 percent in 1965. Thus the preferential tariff is to be reduced in quite a short period. Consequently, it can be envisaged that Japan has further possibilities for trade with the Philippines, because of her geographical position, as the latter becomes less dependent on the USA.

Exports of goods made of coconut and sugar constantly comprise over 60 percent, and with abaca and timber added to these two items, the total amount of agricultural and forestry products exported exceeds 80 percent. This

indicates that the Philippine export trade is greatly influenced by the condition of the international markets for agricultural and forestry products. As for imports, textile goods are the staple article, although capital goods and construction materials such as machinery, electric machines, transportation equipment, metals and metal goods occupy quite a high percentage.

In her trade with Japan, the most noteworthy fact is that there is a high excess of exports over imports on the Philippine side. (\$24 million in 1953, \$20 million in 1954, \$17 million in 1955, \$28 million in 1956). The second factor of importance is that Japan's import items from the Philippines are mainly timber, abaca and iron ore, but, since these articles are industrial materials essential to Japan, a reduction of imports cannot be considered but rather an increase is expected in the future. In respect to the Philippine imports, the percentage of textile and textile goods is unexpectedly low (about 31 percent in 1956), reflecting the import restrictions on certain textile articles. Imports of metal and metal products, machinery, non-metallic minerals and products thereof occupy a high percentage.

However, according to the reparations enforcement plan for the first year, about 50 thousand tons of iron goods, 92 thousand tons of cement, and about \$20 million of materials for machinery and electricity are included as reparations, and therefore Japan's normal export to the Philippines will decrease for the time being. Consequently, as Japan's excess of imports over exports expands in the future, the removal of restrictions on Japanese goods will undoubtedly be strongly insisted upon at the trade conference with the Philippines which is presently under way.

To return to the reparations agreements, the plan for the first year reparations to Burma did not materialize and the amount was carried over to the second year. Thus the certified amount of the reparations contract for the first period covering April 1956 to March 1957 with Burma is approximately 690 million yen, and in addition the amount payable to the Burmese Mission is about 190 million yen to the end of December 1956.

The estimated amount for the reparations plan for the second year, is 21.8 billion yen and the proposed items are power cables, construction and plant machinery, vessels and small machines. As can be seen, stress is laid on equipment of such a general capital goods nature as electricity and transportation equipment.

In the reparations enforcement plan for the first year for the Philippines, it is clear that in the case of the Philippines also, stress is laid on equipment for public works and capital goods. The amount envisaged comes to \$800,000,000 in total and the main items in the schedule of commodity deliveries are road building equipment, railway, harbour and water works machinery and equipment.

Since the actual implementation of the reparations plans has only just started, it is foreseeable that during the next few years the estimates and requirements of the countries concerned may change, as will the future relations between Japan and these countries. Consequently, while a certain amount of inconvenience will occur to Japan's internal economy, Japan should expect long-term benefits from the closer economic relations which naturally will proceed from the agreements with the recipient countries. While the present economic condition of both Burma and the Philippines is centered on agricultural and forestry, both countries are actively pursuing industrialization. In order

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to carry out such a plan under the present conditions in these countries, there exists a very important presupposition. That is, to consolidate and direct the flow of public funds as a pre-requisite to making personal economic investments effective. As it is necessary to have a comprehensive plan and a large amount of capital, and it is not easy to expect a direct profit in a short period, it is necessary that public funds play the major part in the financing of the plan.

Japan's reparations provide a good opportunity to develop and expand industrial plant and public works, and the requests for reparations by these countries reflect this attitude, as it is only natural that stress will be placed on developments of a public nature. At present, Japan is also suffering from a shortage of general public facilities such as transportation and electric power. Also a shortage of iron ore, indispensable to basic industries, is keenly felt. Thus the direction in which both countries are requesting reparations will compete in the narrow path of Japan's economy in that they mainly request iron-made goods, and since Japanese production is limited, it is necessary that both sides treat this matter with good will and adjust their demands accordingly.

Competition with and some disruption of normal trade will be a problem during the whole period of the reparations. The country that is requesting reparations will consider the amount of reparations (whatever the circumstances may have been before, the conclusion of the reparations agreements), as a part of her foreign exchange holdings, and this idea will become stronger as the years pass by. Therefore, she will try to use this effectively. In other words, a tendency to request as reparations such Japanese products and

services that can compete internationally cannot be avoided. From the side of the country which receives reparations, this means that there will be a tendency for such requests to compete with normal Japanese imports. On the other hand, considered from the Japanese side, it is desirable to offer as reparations such capital goods as have not been exported to the recipient country hitherto. Therefore, it would appear that the interests of the recipient and paying countries are somewhat contrary to each other, and the only way to solve this problem is for Japan to offer such reparations as will help develop the basic economy of the recipient country and aim chiefly at creating a close economic relation with that country in the future.

Cambodia and Laos both waived any claims but Japan will offer economic cooperation, loans and investment in order to aid development in these areas.

## PROBLEMS AND POSSIBILITIES OF ANGLO-INDONESIAN ECONOMIC RELATIONS

By A. P. Makatita

**F**OR well over a century relations between Indonesia and the United Kingdom have been mainly characterized by trade and commerce. It would be wrong, however, to conclude from this fact that the existing exchange of goods between the two countries is of substantial importance to either of them. On the contrary, when scrutinizing the statistics of actual imports and exports movements, one cannot but arrive at the conclusion that the contribution of either country to the economic life of the other lags far behind the possibilities as far as the real exchange of goods is concerned.

A first look at the figures of the balance of payments is not sufficient to make one immediately realize how little these figures reflect the volumes respectively coming from the United Kingdom to Indonesia and from Indonesia, as primary commodities to be used in British industries, to the United Kingdom. From a closer scrutiny, both of import statistics of the Board of Trade and of export figures of the Indonesian Central Bureau of Statistics, it becomes clear that in many respects the share of invisibles and services rendered by the United Kingdom by far exceeds that of payments for goods actually used in either country. As would be only natural at the present stage of Indonesia's economic development, Indonesian sterling payments involve shipping and air services, social transfers and those on capital and profits, payments for goods from third countries whose own currencies are not always sufficiently available to Indonesia and, finally, payments for British industrial goods. It means that, basically, Indonesia makes use of sterling in a fully multilateral way.

At the same time the volume of the actual exchange of goods is rather hampered by the bilateral fact that the pattern of supply of basic commodities to British industries does not include Indonesia as an important source, so that unavoidably exports from the United Kingdom to Indonesia are at a rather lower level than would be feasible with a view to Indonesia's increasing need for industrial raw materials, semi-finished and finished goods.

However, with Japanese machinery, goods, technicians services and investment introduced to all these countries it would appear logical to predict that, in the long run, Japan will increase her trade in the area, and it is quite conceivable that the cost of reparations will ultimately prove to be productive of long term benefits.

There are other outstanding claims against Japan which have arisen out of the war, such as the Korean property claims, the settlements with Thailand, France and the Netherlands, of military yen issued by the Japanese military authorities in the areas, and settlements on outstanding foreign currency bonds etc. Certain of these claims are thorny problems and while they will undoubtedly affect Japan's economy, space does not permit discussing them here since they are not exactly of a reparations nature.

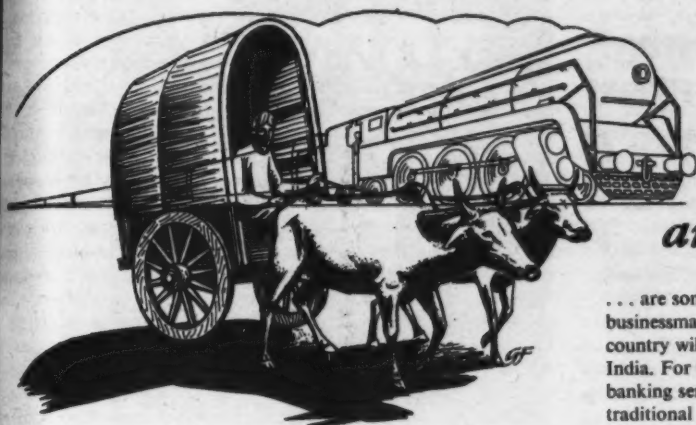
Generally speaking from the United Kingdom trade statistics, British trade with Indonesia comprises only 1 percent of total British trade. Conclusions at first sight from the Indonesian statistics are more confusing. It would appear as if about 10 percent of Indonesia's export value go to the "United Kingdom and Irish Republic" (as the statistical destination position is named) and a percentage fluctuating between 6 and 12 of total Indonesian import value come from the United Kingdom.

However, neither the 10 percent nor the 6 to 12 percent are really attained by direct Anglo-Indonesian mutual supply of goods. With regard to exports the Indonesian statistics have to rely entirely on customs documents and there is always a considerable number of bills of lading which indicate as destination "United Kingdom or order". Those loads are then registered, for customs and monetary purposes, under United Kingdom for destination. But how much too high the total figure will be from the point of view of actual importation into the United Kingdom easily appears from comparison of the Indonesian statistical data with those of the United Kingdom and Malaya and Singapore. To mention the most striking example: for a rather normal year of rubber trade as 1955 the Indonesian export figures indicated 128,000 tons with United Kingdom destination, while British import figures showed that only 18,000 tons had actually come into the United Kingdom, thus actually being used in British industries.

On the other hand, not too small a part of the goods which, according to the official Indonesian statistics, originate from the United Kingdom, will be actually delivered from stocks of firms in places like Singapore, Kuala Lumpur or Hong Kong, so that such loads will not appear in the British exports under the heading "Indonesia". It means that a problem will be added to the already existing ones for British exporters to the degree that such Commonwealth territories as mentioned above develop more local industries, especially of goods for immediate consumption.

For to-day's situation this picture proves two things: in the first place, it shows the role of London financing which is very large indeed with regard to Indonesian exports and has its share also in relation to imports into Indonesia; in

*The author is Commercial Counsellor at the Indonesian Embassy in London.*



## Yesterday and tomorrow...

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the second place, it leads to the conclusion that imports of British goods into Indonesia still consist mainly of ordinary consumer goods, as only such goods are due to come from stocks located so far away from the factories.

The financing by London of such a large proportion of Indonesian exports to the United Kingdom, which do not actually reach the United Kingdom territory, can only indicate the level of British participation in the existing transit trade patterns for Indonesian products.

From the nature of economic developments in Asia, among others the redistribution of economic—and in first instance commercial—activities, only one thing can follow, namely that transit trade to third countries is due to more and more being changed into more direct trade between firms in the producing country and firms in the country of actual consumption. Often such a trend is assumed to develop because newly independent countries for this purpose have recourse to bilateral trade agreements or payments arrangements. Far too much it is overlooked that it is the combination of unavoidable balance of payments difficulties and the necessity to acquire as quickly as possible other goods than those ordinary consumer goods of the old trade patterns, which compels such countries in the course of accelerated economic development to break away from trends which are maintained too long.

Thus, neither the financing of transit trade nor the exports of ordinary consumer goods solely offer a very promising scope for future development of trade relations between two countries. And when we speak of trade relations, it is understood on the British as well as on the Indonesian side that relations between private enterprises are intended. It is true, of course, that up till now the Indonesian

Government have been ordering, either directly or indirectly, a large amount of goods. But gradually trade and commerce on either side will find that their real interests—and the Governments—are best served by the self-activity of the communities themselves, the Government only interfering where such is absolutely necessary for balance of payments reasons.

The question of a timely change in the pattern of the exchange of goods becomes the more urgent in connection with new devices of regional economic cooperation like the European Common Market and, perhaps, the subsequent establishment of a wider free trade area. However attractive such regional unions may appear to the countries wishing to establish them, it cannot be denied that countries not participating in such arrangements are extremely doubtful as to the adverse effects the arrangements can, and most probably will, have on their present markets of basic commodities. It might very well be that to the degree the countries associated in the new economic communities free their markets to each other and, in doing so, develop multilateral trade, the countries outside such arrangements have to increasingly resort to bilateral trade arrangements.

It would, of course, be a serious recession to the idea of the multilateralization of world trade. But, much worse still, it would seriously endanger economic development in economically still underdeveloped countries. And, closer to the scope of this article, it would most probably have an adverse effect on the possibilities of trade expansion between the United Kingdom and a country like Indonesia, if no timely action is developed with a view to the change in the pattern of the exchange of goods as intended above.

It seems to be time now for a thorough review, both

by Governments as by industries, of changes that could be brought about. According to the simple principle that Indonesia can buy more from the United Kingdom, if the United Kingdom would buy more from Indonesia, we face some problems of primary importance. It is a well-known fact, for instance, that a very large quantity of the kind of raw materials Indonesia could offer to the United Kingdom used to come to this country from territories within the Commonwealth. But the coming to British markets is made more difficult for Indonesian products because of preferential customs tariffs for materials from countries belonging to the Commonwealth. It is true that for a commodity like tin there is no tariff at all, but no one could maintain that there would be much need for additional quantities of tin from Indonesia to be traded on the London Metal Exchange. Other Indonesian products, which under present circumstances could have a chance in British markets, do suffer from the preferential system. So from the point of view of private trade development there certainly is much to be said for some modifications in the tariff system vis à vis non-Commonwealth countries.

But even if no immediate recourse is taken to such action, trade and industry could find scope for expansion in the need for industrialisation and mining development in Indonesia on the one hand and Britain's own industrial expansion on the other. In the framework of the Indonesian development a satisfactory market can be found for all kinds of equipment, even under the present very modest scheme of the first Indonesian five year plan, while conceivably Britain's industrial expansion could require raw materials from Indonesia, which up till now exclusively come from Commonwealth countries and territories.

A good deal of thought can usefully be given to the development of non-ferrous metals' mining in Indonesia. There are a good many deposits of manganese, molybdenum, nickel, bauxite, etc., all of which could play their role in British future industrial development, and of which the present production lags far behind economic potentials.

A few words on the thoughts in Indonesia with regard to the acquisition of equipment required for such industrial and mining development might be useful. Especially with the attraction of new foreign investments meets with some hesitation on both sides, partly because there is no final legislation yet on the side of the receiving country and partly because prospective investors prefer to wait until such legislation has come into being, a good device could be the supply of equipment on the basis of contracts which provide for payments in about five years and annual instalments. This kind of payments arrangements has already been applied in contracts with industries in other countries than the United Kingdom and works satisfactorily. In this way Indonesia can finance its gradual development from the annual surplus returns of foreign currency for its exports over essential imports' payments plus those for invisibles. In this way also it can meet the needs of so wide a territory in which it is hardly feasible to have one region wait until projects in other regions are finished and fully paid for.

An attempt has been made in this short article to give an outline of more lasting and expanding economic relations between Indonesia and the United Kingdom. We have tried to focus the attention of commercial interests in this country on some of the problems of trade expansion between the two countries in connection with either's further development and we do believe that those problems are worth to be considered because the opportunities are legion for a more active development of trade and commercial interests which will find plenty of room beside the existing estates and shipping interests of British origin. We hope to have pictured, however briefly, that British and Indonesian business could very well be of mutual benefit under substantially new conditions.

#### UK TRADE WITH INDONESIA

	1955	1956	1956	1957
	Whole year		First three months	
UK imports ...	11.3	10.0	3.0	2.1
UK exports ...	11.2	16.0	4.7	4.8

(All figures in million £)

## Switzerland and Asia

*By Our Special Correspondent*

**T**HE election of Switzerland last month; as the only non-member state of the United Nations, to the membership of the UN Economic and Social Council's Commission for Technical Aid, was a further appreciation of that country's work in the field of assisting underdeveloped countries. It is expected that Switzerland's industries and finance which possess the technical experience and the required resources, will play an even greater part in this work in future. A great deal will depend on whether the Asian countries themselves will be able to create abroad an atmosphere of confidence in their own stability. At the same time it should be realised that economic assistance from highly developed countries represents an important contribution towards progress and stability.

The new Swiss Air routes to Asia and the Far East have established a further bridge between Switzerland and that region. A 15-member official Japanese delegation which comprised high officials of various ministries and leading

members of economic organisations and the press, arrived on the inauguration flight in Zurich. The delegation visited various parts of Switzerland and has shown great interest in the Swiss Industries Fair, which took place in Basle between 27th April and 7th May.

This 41st annual Fair was once again a very impressive show of Swiss high-quality manufactured products. New models and designs of capital and consumer goods of the various industries were on show. The diversification of the Swiss industry is a remarkable feature and Swiss products compete successfully in world markets. Swiss exports to most countries of Asia and the Far East show a steady increase. Visitors from Asian countries came to Basle to see the latest Swiss products which are required for the economic development of their countries. Among the visitors from India were Mr. N. Tata, President of the Merchants' Chamber, Bombay, and Mr. Murarij Vaidya, President of the Indian Council of Foreign Trade, Bombay. An 11-member Chinese



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delegation, headed by Chi Chao-ting, Vice President and Secretary General of the Chinese Committee for the Promotion of International Trade, visited the Fair. Another delegation from the Far East came from Pyongyang, Korea.

The Fair was a success — contracts were signed for products of the electrical industry, scientific and optical instruments, textile machinery, woodworking machinery, and watches, to name only a few. Furthermore, new contacts were established, and negotiations for the production of some Swiss products under licence in Asian countries were started. The experience of Swiss firms which have concluded licensing agreements with Asian governments and firms has been encouraging in most cases, and this form of economic cooperation is bound to develop side by side with the export of actual goods.

While a number of Swiss firms accept regularly Asian nationals for training in their factories, some Asian government representatives complained to your correspondent, that many other Swiss firms do not avail themselves of this practice which represents a very valuable opportunity to promote economic cooperation.

On the other hand, the long credit terms for payment of capital goods demanded by India and some other Asian countries are a serious obstacle for exports to these countries. Many individual industrial firms have full understanding of the fact that the industrialisation of these Asian countries leads to a shortage of funds for immediate payment, but they themselves cannot afford to finance such export orders. Therefore it might be advisable to establish a special financial organisation in which industry, banks and the government would participate, and which would assist the securing of immediate orders with good prospects for even larger sales in the future. While Swiss industries, particularly those of capital goods, are at present experiencing a boom, one hears warnings from responsible business leaders that this cannot continue indefinitely. It might, therefore, be advisable to take appropriate steps now which would lead to a further development of business with Asia and the Far East, the largest potential market of the world.

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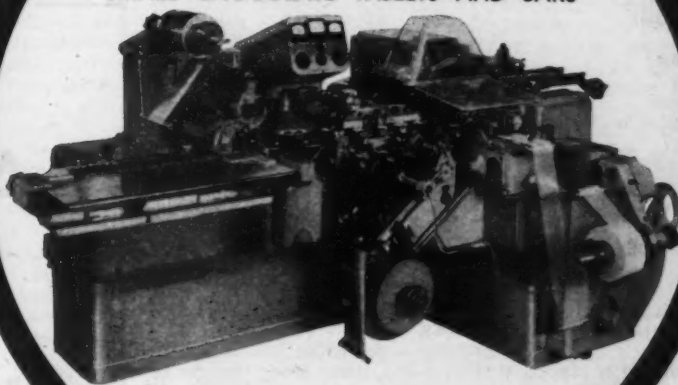
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## Switzerland's Increased Exports to Asia

By A. James

SWITZERLAND'S global trade shows an increasingly unfavourable trade balance, with the exception of the trade with the Australasian region. Her global trade deficit increased from 320 million Sw. frs. in 1954 to 779 million in 1955, and to 1,393 million frs. in 1956. At the same time Switzerland increased her favourable trade balance with countries of Asia and the Pacific as follows: 1954—356 million Sw. frs., 1955—398 million Sw. frs., 1956—424 million Sw. frs.

In 1956 imports from Asia amounted to 3.65 percent and those from Australia and New Zealand to 0.41 percent of Switzerland's total imports, and were by 42 million Sw. frs. higher than those of 1955.

On the other hand, Swiss 1956 exports to Asia amounted to 10.18 percent of her global exports and had increased by 94.6 million francs as compared with the 1955 exports. The 1956 exports to Australia, New Zealand and other Oceanic markets amounted to 1.7 percent of the overall exports and had decreased by 17.2 million francs as against 1955 due to Australia's import cuts. The following table shows the development of Switzerland's trade with the main countries of that region:

	Imports			Exports		
	1954	1955	1956	1954	1955	1956
Afghanistan	2.4	2.7	3.2	0.6	1.1	1.3
India	16.6	23.5	21.5	103.5	109.5	146.3
Pakistan	2.9	2.8	3.0	15.8	14.8	14.1
Ceylon	12.7	13.9	15.0	6.4	8.4	9.4
Singapore	0.9	1.0	2.0	30.0	39.3	47.5
Federation of Malaya	14.7	14.6	20.8	1.6	2.8	4.0
Burma	1.3	0.4	0.1	11.0	6.2	4.9
Thailand	1.3	0.7	0.7	18.9	18.9	23.0
Indo-China	0.1	0.1	0.1	4.1	6.4	5.2
Indonesia	22.1	18.3	17.8	33.9	19.6	29.7
Philippines	24.2	21.8	19.6	8.9	11.2	12.2
China, Hong Kong	47.0	67.8	81.9	99.6	101.9	151.8
Japan	29.8	39.0	49.1	45.2	58.3	67.8
Korea	—	—	0.8	0.4	2.4	3.4
Australia	28.1	20.9	23.9	102.0	104.9	87.0
New Zealand	2.6	6.6	7.0	17.9	17.0	17.6

(All figures in million Swiss francs)

The 1956 exports to China and Hong Kong (the Swiss statistics do not show separate figures for these two markets) were higher than those to India which in previous years was the largest Swiss market of that area.

In 1956 more than 3.1 million watches (as against 1.8 million watches in 1955) valued at over 100 million Swiss francs were exported to China. The exports of watches to India increased from 920,692 in 1955 to 1,210,749 in 1956. Among other Asian markets which imported more than 1 million watches in 1956 was Singapore.

The Asian countries represent important outlets for the Swiss chemical industry. Though some leading Swiss firms have participated in the manufacturing of their products in Asian countries, including Japan and India, the exports of this industry to Asia represent an important part of Switzerland's total exports to that region. The shipments of

pharmaceutical powders alone amounted to the value of 1 million to India, 4.4 million to Pakistan, 1.9 million to Burma, 3.8 million to Thailand, 1.6 million to the Philippines, 1 million to China, and 2.6 million Swiss francs to Japan in 1956. The 1956 exports of aniline dyestuffs were valued at 16.7 million to Japan, 12.5 million to India, 4.9 million to Indonesia, 4.7 million to China, 1.4 million to Pakistan and 1.4 million Swiss francs to Thailand.

While the exports of the above mentioned industries belong to the traditional Swiss supplies to that region, there is an increased export of capital goods to the Asian countries which have embarked on large scale development schemes. It is significant, that in 1956 Swiss exports of machine tools to China reached the value of nearly 2 million francs as against 0.3 million francs in 1955, the exports to Japan amounted to 10.7 million francs as against 6.4 million francs in 1955, and the exports to India remained at the annual level of 3.6 million francs. Some firms of the industry have concluded agreements with India and Japan to manufacture their lathes in these countries under license.

Swiss textile machinery worth 20 million francs was exported to India, and to the value of 2.7 million to Japan in 1956. Special passenger railway wagons valued at 6 million francs were exported to India.

Large deliveries of products of the Swiss electrical and boiler making industries and machinery required by the new industries of Asia have been despatched to India, China and Japan in 1956. In these countries there is a growing demand for optical products and precision instruments, and the exports of these goods have increased to various Asian countries, including China, which also bought copper wire in Switzerland.

## ASIAN ANNUAL 1957

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## INDUSTRIAL AND COMMERCIAL NOTES

### AUTOMATIC WRAPPING MACHINES FOR ASIA

The development of foodstuff and allied industries and greater emphasis on hygienic requirements in Asian countries, have led there to a greater demand for modern food packing machinery.

Among the manufacturers of automatic wrapping machines, Swiss Industrial Company (SIG) at Neuhausen Rhine Falls, Switzerland, take a leading position, enjoying an experience of over 50 years. In addition to the wrapping machines proper for chocolate articles, biscuits, sweets, ice cream, soap tablets, etc., this company also makes machines for forming, volume measuring and packing of margarine, butter, soup paste, concentrates, etc., as also fully automatic packaging machines for dealing with free-flowing and non-free-flowing products such as washing powders, rice, paste goods, flour, coffee, etc. Out of the very extensive manufacturing programme, the following machines are briefly being described below.

For wrapping of chocolate tablets and bars, SIG make the fastest and most up-to-date design of machines.

The SIG heatsealing wrap in connection with thermo-lacquered aluminium foil which gives a full protection against smooths, moisture, and loss of aroma, has met with fullest success during the last few years, particularly owing to the SIG machine type DSH in connection with 4 oz. tablets.

As the very latest of all, there is the protective wrapping machine type DSR for tablets and bars up to 3 oz. with a programme similar to the DSH machine, but designed for an output of about 130 wrappings per minute.

Biscuits, with their diversity as to kinds and flavours, owing to their brittle-

ness and the deviations in dimensions arising in the baking process, represent a particularly exacting requirement in connection with automatic wrapping. The type GBBA is among the very wide range of machine models in this field. The biscuits are introduced into feed hoppers by 1-2 girls; counting and ranging into piles is taken care of automatically by the machine. On the GBBA machine biscuit packs may be handled which may be either destined for quick sale and consisting of a single wrap of cellulose film, as also packets with 2-3 wrappers for which very exacting requirements are made as to "tightness" and protection against breakage.

Also the type EB for the wrapping of ice cream pieces with wooden holders should be referred to. The pieces are fed as a rule direct from the ice cream plant. As a wrapping material, backed aluminium is mostly used, in which connection periodically printed panels are automatically registered.

For the wrapping of butter and

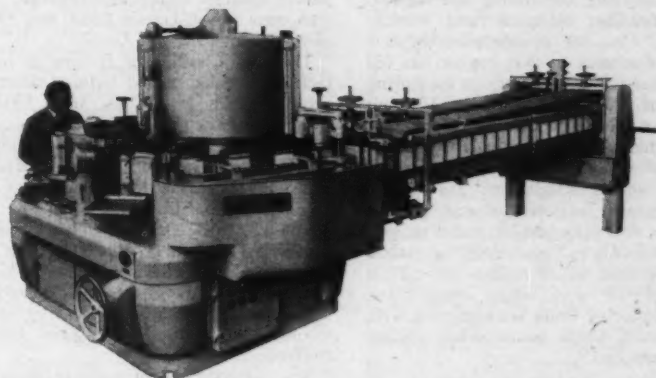
*High-speed Packaging Plant type ODSI for detergents. Manufacturers: Swiss Industrial Company, Neuhausen Rhine Falls (Switzerland)*

margarine SIG developed models which are of metal construction throughout and whose output per minute is from 30-80, yielding most accurate weights and capable of adjustment according to the consistency of the butter.

Among the SIG packing machines, the type ODSI may also be briefly mentioned. This continuously operating machine for the packing of detergents has an output of 160 packets per minute and enables the use of folding cartons from 350-2,100 cu. cm. volume. The product is volumetrically handled and assuming a regular density, the accuracy in weight per packet is plus/minus 1 percent.

### SWISS CONTROL INSTRUMENTS FOR ASIA

In 1956, Swiss exports of electrical control instruments to Asia included those to



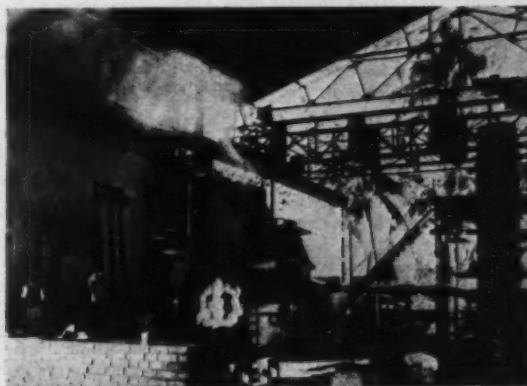
### BIRLEC IN INDIA

In future Birlec interests in India will be handled by AEI (India) Ltd., with headquarters in Calcutta and branches in many other towns. This has been decided after a visit to India by Mr. George P. Tinker, Managing Director of Birlec Limited, with the object of reviewing agency arrangements in this rapidly growing market.

The importance of India and Pakistan as markets for Birlec equipment can be judged by the fact that since 1946 the Birmingham company have done business worth more than one million pounds in the Indian subcontinent.

One of the most interesting installa-

tions visited by Mr. Tinker was at the Hindustan Iron & Steel Company's works near Calcutta. (See picture, right). A three ton Birlec direct arc furnace is operating in an open scrap yard beneath coconut palm trees, protected only by one wall and a tin roof. Under these primitive conditions the 1,200 kVA furnace operates efficiently, melting steel for railway tiebars.



India valued at 1,817,769 Sw. frcs., to China 564,765, to Indonesia 549,803, to Pakistan 145,107, and to Japan 89,386 Sw. frcs.

The new trend in industrial development places a steadily increasing emphasis on the measuring, controlling and regulating of heating, electrical and nuclear quantities. Also, the establishment of new scientific institutes in that region has led to increased imports of various measuring instruments. Asian visitors to the recent Basle Fair have shown interest in products of this industry. Landis & Gyr A.G., Zug, have added to their large range of products which include flue gas testers, remote-operated switches, electric control apparatus, electricity meters, steam gauges, etc., air monitors and drinking water monitoring units which register the radium activity of air and water respectively. These monitoring units are equipped with alarm signals which sound when danger point is reached.



A new high-quality, fully automatic exposure meter was exhibited at the Swiss Industries Fair, Basle, by WEKA Ltd., Wetzikon-Zurich. Among other exhibits of this firm were Amperemeters and Voltmeters, including the Pocket Voltmeter in fountain pen form

#### OERLIKON MACHINE TOOL WORKS BUEHRLE & CO. AND OERLIKON ELECTRODE DIVISION

The industrialisation of Asian and Far Eastern countries leads to a greater demand for specialised capital goods and this demand is being met by their importation or by indigenous production—often under the licence from firms with great experience in the manufacturing of these products.

The Oerlikon Machine Tool Works, Buehrle & Co., Zurich, which is a leading Swiss industrial enterprise with world-wide interests, has been very active in

Asian and Far Eastern countries.

The Company owns and/or controls a number of other Swiss, Continental and Overseas Companies, engaged in a wide range of industrial processes including the manufacture of aeroplanes, rockets and guided missiles, textiles and cellulose. They also own a well-known Bank and an Insurance Company in Zurich.

The first Continental factory to manufacture extruded coated welding electrodes was established in the year 1934 in Geneva, Switzerland, under the name of Citogene Ltd. and in 1938 this Company became a Division of Oerlikon Machine Tool Works, Buehrle & Co., and was transferred to Zurich.

The Electrode Division of the Oerlikon Machine Tool Works, Buehrle & Co., has become, within a few years, the largest electrode manufacturers in Switzerland. Its manufacturing and sales programmes include all standard and special welding electrodes.

The manufacture of welding electrodes in the Electrode Factory is by special extrusion presses and complementary specialised plant and equipment of its own development and design covered by patents in most countries of the world.

The research work for the flux coating formulae is carried out by a staff of specialists using the most modern laboratory equipment and facilities and cooperating with an international research committee composed of the several research groups of the Oerlikon foreign licensees.

The Oerlikon Electrode Division has established similar electrode factories in other countries using its special electrode plant and formulae.

During the last war the Oerlikon Electrode Division and the already existing Licensee Companies made continuous progress and important improvements were made both in the design of the special Electrode machines and in the flux coating formulae.

Following the end of the war new factories have been established and/or Licence agreements concluded with companies in many countries, including: Advani-Oerlikon Electrodes Private Ltd., Bombay, India; Pakistan Welding Electrodes Ltd., Karachi, Pakistan; Japan Welding Electrode Company Ltd., Fukuchiyama, Japan. Similar arrangements are pending in different overseas countries.

Furthermore, the Oerlikon Electrode Division, in close cooperation with the Oerlikon-Nistertal Sales Company Ltd. at Wissen/Sieg, Germany, entered some years ago upon a programme of intensive scientific study and research in the line of electric welding machines and the German affiliate is now exporting its "Oerlikon-Nistertal" welding machines to practically every corner of the world.

It may be interesting to note here that a sub-division of the Oerlikon Electrode Division is producing highly transparent Polyethylene flat tubes, folding tubes, foils,

either colourless or dyed, as well as polyvinylchloride tube-foils. Also the "Plastic Division" is in the process of setting up foreign license factories.

All the Companies operating under licence agreement are showing most satisfactory progress and although they and their foreign licensees have only comparatively recently entered this welding electrode field they have successfully met the world-wide competition of other electrode manufacturers. This success is attributed to the special Oerlikon Electrode Plant and Equipment, together with the research work based on the demands of a variety of foreign markets carried out in cooperation with the whole "Licence Group."

Further proof of the efficiency of the Oerlikon equipment and formulae is given by the fact that competitors in countries where there is no exclusive licensee, or regular buyers of Oerlikon equipment manufacture electrodes.

#### EXIM BANK LOAN FOR INDONESIA

An Agreement between the Export Import Bank and Indonesia providing for a loan amounting to \$15,000,000 in Indonesia was signed in Washington on April 30th. The money will be used for the financing of highway projects in Sumatra and for the establishment of some 30 diesel-electric power plant stations in various towns throughout the country.

#### EAST GERMAN FACTORIES FOR INDONESIA

Under the terms of a contract worth several million marks, East German engineering firms will be delivering to Indonesia a complete tyre factory and also a soap factory. A contract to this effect was signed by Mr. Tairas, Director of Indonesian Tyre and Rubber Co., Macassar, and Director General Boulanger, on behalf of DIA Investment Export. Negotiations are pending regarding three further projects, a brick yard, a cement factory and a sugar mill.

#### INDONESIAN IMPORT LICENCES SUSPENDED

The Indonesian Government has suspended the issue of import licences from April 29th. This does not include transactions made within the framework of foreign credits, goods imported under the contract for the supply to Indonesia of American agricultural surplus stock Government orders and imports financed in accordance with the export import system.

In applying this measure the interests of the industries both Indonesian and foreign-run are taken into account as far as the imports of raw materials and capital goods are concerned.

Summarising the causes which have brought about the current precarious financial situation in the country, the Minister of Finance, Dr. Sutikno Slam

ated that the civil and military administrations made expenditures beyond the national capacity. The recession of foreign reserves meant that the Indonesian society was living beyond capacity. Inadequate production implied, according to the Minister, that so far both the Government and the community had failed to pay attention to the country's future, but had merely striven to enjoy the present.

#### HUNGARY TRADES WITH MONGOLIA

Hungary and Mongolia have concluded a trade agreement under which the Mongolian People's Republic will export to Hungary wool, fur, animal hair, untreated leather, and other animal products.

Hungary will export to Mongolia well-boring equipment, drugs, medical instruments, and other goods.

Hungarian specialists will start in the near future the preparatory work for a fur factory.

#### JAPAN'S EXPORTS AND IMPORTS IN FISCAL 1956

According to the Japanese Ministry of Finance Japan's exports during 1956 fiscal year (April, 1956 through March 1957), amounted to \$2,597,972,000 and the imports to \$3,602,692,000, both post-war records. Increases of \$460,511,000, or 21.5 percent for the exports and \$1,016,200,000 or 39.3 percent for the imports were made over the comparable figures for the previous fiscal year, and consequently the imports excess was sizably enlarged by \$555,689,000 to \$1,004,720,000.

Because of increasing home demands, exports of iron and steel products fell by 18.1 percent on an average. Among the chief export goods, vessels ranked first with \$310,867,000 occupying 12 percent of the total exports, being followed by cotton fabrics with \$263,633,000 (10.1 percent of the total exports), iron and steel products with \$212,789,000 (8.2 percent), spun rayon fabrics with \$131,250,000 (5.1 percent), clothes with \$125,661,000 (4.8 percent), fish and fish products with \$119,669,000 (4.6 percent), rayon filament fabrics with \$85,711,000 (3.3 percent), metal products with \$66,439,000 (2.6 percent), toys with \$55,933,000 (2.2 percent), and chemical fertilizers with \$53,342,000 (2.1 percent).

In the field of imports, food and beverages fell by 15 percent, but other commodities showed an overall rise. Ranking first on the list of the principal import commodities, raw cotton, with \$14,656,000, accounted for 14.3 percent of the total imports, being followed by petroleum with \$356,731,000 (9.9 percent of the total imports), raw wool with \$251,000,000 (7.0 percent), iron and steel scrap with \$248,656,000 (6.9 percent), wheat with \$161,617,000 (4.5 percent),

iron ore with \$160,706,000 (4.5 percent), sugar with \$123,547,000 (3.4 percent), coal with \$103,425,000 (2.8 percent), non-ferrous metal minerals with \$95,625,000 (2.7 percent), and lumber with \$84,656,000 (2.3 percent).

#### INDIAN RICE PRODUCTION

The all-India final estimate of rice for 1956-57 puts the current year's area and production of crop at 78,174,000 acres and 28,142,000 tons, respectively, as against the partially revised estimate of 76,864,000 acres and 26,846,000 tons for 1955-56. This shows an increase of 1,310,000 acres or 1.7 per cent in area and 1,296,000 tons or 4.8 percent in production during the current year as compared to the previous year.

Both area and production of rice during the current year touched all-time records at 78.2 million acres and 28.1 million tons. The next best year for rice crop was 1953-54 when the area and production were 77.3 million acres and 27.8 million tons, respectively.

#### INDO-AUSTRALIAN TRADE

Members of the Australian Trade delegation to India stated at the end of their five-week tour that immediate results of their mission had "exceeded their expectations." The head of the delegation, Mr. John G. Hurley, explained that "good prospects" had been discovered for establishing engineering industries in India in collaboration with Australian and Indian firms. Australia was already associated with manufacture in India of windmills, spray irrigation equipment and road rollers.

The value of Australia's wheat exports to India had fallen in recent years but the mission had been assured that Australia could look forward to a continuing share in any necessary Indian imports of wheat.

#### ACTIVITIES OF ICA IN JAPAN

Ben H. Thibodeaux, a career officer in the Foreign Service of the US and for the last two and a half years Director of the Office of International Trade and Resources in the Department of State, Washington, D.C., has been appointed Director of the International Cooperation Administration's mission in Japan. He will be concerned with economic relations generally between the US and Japan, and will supervise the ICA technical cooperation programme which has involved US obligations of about \$4 million in the three fiscal years since it started. It includes technical assistance to Japanese industry, as well as assistance to achieve technological advancement in such fields as agriculture, civil aviation, and the peaceful uses of atomic energy.

In addition, he will be concerned with the administration of ICA-financed affiliations between American and Japanese universities, aiming at the

#### TENDERS

The Director General of India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3. invites tenders for the supply of:—

	Quantity lbs.
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Drg. No. T.21306.	

Forms of tender may be obtained from the above address on or after 17th May, 1957, at a fee of 10/-, which is not returnable. If payment is made by cheque, it should please be made payable to "High Commissioner for India". Tenders are to be delivered by 2 p.m. on Thursday 27th June, 1957. Please quote reference No. 276/56/RLY.

The Director General, India Store Department, Government Building, Bromyard Avenue, London, W.3., invites tenders for the supply of:

21,500 Nos.  
Boxwood Mathematical Scale  
Blanks (Undivided)

Forms of Tender which are returnable on Monday, 17th June, 1957, may be obtained from this Office (CDN Branch), upon payment of fee of 10s. 0d. which is not returnable. Reference No. 767/56/Mis.1 must be quoted in all applications.

The Office of "Damodar Valley Corporation," Anderson House, Alipore, Calcutta, India, invites Tenders for the following:

"Supply of 132 kV and 33 kV Disconnecting Switches for Panchet Hill Project. As per Specification No. PE-SPEC-11."

Specifications, detailed plans and Forms of Tender are to be obtained direct from India at the address below on payment of 15 shillings per set plus 30 shillings for Air Parcel Charges. A Specimen of the Specification is on view at India Store Department, Government Building, Bromyard Avenue, Acton, London, W3, under reference S1131/57/AVH/ENG2.

Tenders are to be addressed to the Controller of Stores, "The Damodar Valley Corporation," Anderson House, Alipore, Calcutta 27, India, in time to be there before 3 p.m. on the 13th June, 1957.

In continuation of the advertisement dated 12th April, 1957, for Control Panels required by the "Damodar Valley Corporation," Anderson House, Calcutta, 27, India, due date for submission of tenders has been extended up to 3rd June, 1957.

improvement of Japanese productivity, and will administer ICA responsibilities in the economic development programme being carried out by Japan with US loans of \$108 million in Japanese currency. The US has made these loans from the proceeds of Japan's purchases of US surplus agricultural commodities which have totalled \$150 million.

#### CHINESE SHAREHOLDERS GET DIVIDEND

Over 730,000 yuan (about £100,000 in dividends) was paid to the shareholders of the joint state-private Ming Sung Shipping Company last year at the rate of 8 percent.

Dividends at the same rate will be paid this year. The company was incorporated into the state operated Yangtze Navigation Administration last September.

Following the incorporation, 6 members of the company were appointed Vice Directors of the Yangtze Navigation Administration and its branch offices. 4 others became Vice Directors of the harbours of Chungking, Hankow and other ports.

The Ming Sung Shipping Company, one of China's biggest, became a joint enterprise in September, 1952. It became part of the Yangtze Navigation Administration to increase the efficiency of the vessels and to reduce management costs.

#### TAIWAN'S WOOL INDUSTRY

The Taiwan Government has approved a plan which envisages a doubling of output of the Island's wool spinning and weaving by 1960. At the end of 1956 there were 11,154 worsted spindles and 214 worsted looms in Formosa. It is proposed to add 10,000-15,000 spindles between 1958 and 1960. Total yarn output capacity is estimated at 1.9 million lb. a year, of which 570,000 lb. are in excess of minimum domestic requirements.

The export prospects for the industry are considered quite good. The Japanese and South-East Asian markets are being explored, and the first export on record was 367,000 lb. of yarn to Korea in 1955 followed by 500,000 lb. last year. Yarn exports from Taiwan are relatively high because the foreign exchange proceeds may be utilised for buying raw wool in addition to the regular allocation for that purpose. At present raw wool bears an import duty of 150 percent as a luxury item. It is possible to import in bond for processing and re-export, but the formalities are said to be so formidable that, so far, only the government itself has made use of this concession.

Incomplete data for 1956 indicates that production of wool weaving yarn totalled 1.2 million lb. (1.7 million lb. in 1955), and wool knitting yarn 230,000 lb.

(252,000 lb.). Production of wool cloth was under 1 million sq. yds. compared with 1.3 million sq. yds. in the previous year.

#### UK WOOL TOPS TO ASIA

During the first 3 months of 1957, UK exports of wool tops to Japan have shown a further increase and reached 2.1 million lb. valued at £1,248,982, against 0.7 million lb. valued at £354,000 during the corresponding period of 1956. Furthermore, the UK exports of wool waste to Japan reached the value of £1,189,644 (£398,234 during the first quarter of 1956).

The exports of wool tops to Pakistan increased to £443,282 (£118,142 during the corresponding period of 1956) and to Hong Kong to £197,078 (£139,457—first quarter 1956).

UK exports to China dropped from nearly 4 million lb. valued at £1,000,000 during the first quarter of 1956 to 589,000 lb. valued at £258,718 during the first quarter of 1957. This drop was partly due to Suez shipping difficulties and large deliveries to China are to be resumed shortly.

UK exports of wool tops to India amounted to 2.3 million lb. valued at £1,154,114 during the first quarter of 1957 as against 2.8 million lb. valued at £1,189,847 during the corresponding period of 1956.

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